

THE

Credit Union

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.



BOLIVIA has six credit unions. These tin miners work high in the Andes.

ON THE COVER

The Bolivians are typical of millions of Latin Americans who need credit unions, and look to CUNA's World Extension Department for guidance in starting their own self-help programs.



The Credit Union Bridge

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CONTENTS

Traveling on credit.....	1
This credit union's biggest booster.....	4
From the managing director.....	6
Servicemen and credit.....	7
Ben Franklin on thrift.....	9
In the news.....	12
Its own auto insurance company.....	13
Hillel Black's new book.....	16
Useful publications.....	19

COMING SOON

Building Membership

Preparing for Board Meetings



Italian State Tourist Office Photo

St. Peter's, Rome

TRAVEL NOW PAY LATER?

It costs more that way. You should know the added cost of going on credit, and decide for yourself whether it's worth it.

IF you and your wife and two children take a typical 28-day, all-expense air tour of Europe this year, it will cost you something like \$4,000 cash. It will cost you considerably more if you travel on credit.

If you take a rail tour of the Pacific Northwest or a bus tour of popular attractions in the East, you will do it cheaper if you pay cash. Travel now, pay later plans are available, but they cost money. Interest rates range from 14 percent to as high as 33 percent, depending on the amount borrowed and the repayment schedule.

Whether \$4,000 for a European trip is a lot of money is an individual

thing. To many people it is far out of reach. To many others it is a substantial sum but within reason; to a fortunate few it is a mere bagatelle.

To the big majority of people who must plan expenses carefully, travel credit costs are important considerations. One Midwest travel agent puts it this way: "It's not so bad paying for a refrigerator for two years, because when you're through paying, there's the refrigerator. But making time payments on a trip you took two years ago can be frustrating, since all you have to show for your money are memories and a few foreign restaurant menus."

The figure of \$4,000 for a Euro-

pean tour assumes many things. It assumes the trip being considered is a good one, planned and conducted by a top-ranking tour service, including all expenses except for certain incidentals. It assumes you will be going during the popular tourist season, when most people want to travel to Europe, and when tour prices are highest. And it also assumes you'll be paying cash.

If you don't—if you "fly now and pay later"—you'll pay 14 to 16 percent interest if you borrow through the airline or travel service. If the trip costs \$4,000 and you use the credit plan offered (which is handled not by the airline or travel agency but

Among the sights sure to be enjoyed by travelers in Europe during any tourist season are (from the left) the Acropolis in Athens; Oberammergau, Bavaria; a windmill in the Netherlands; The Old Curiosity Shop in London; and of course the Eiffel Tower in Paris.

TWA and SAS Photos



by a major finance company) you must pay at least 10 percent down. If you decide to pay the balance of \$3,600 in six months, your payments will be \$625.66 a month; you will pay back a total of \$3,753.96; and the true annual interest rate is about 14½ percent.

Here's how it breaks down under longer payment plans:

Monthly payments	(12 months) Amount repaid	Interest rate
\$325.66	\$3,907.92	16%
\$225.66	(18 months) \$4,061.88	16%
\$175.66	(24 months) \$4,215.84	16%

Figuring a similar trip for one person, and assuming the cost is \$1,100 and that \$400 is paid down leaving a balance of \$1,000, monthly payments on a six-month basis will be \$175; on a 12-month plan \$91.66; on an 18-month basis \$63.88; and for 24 monthly payments \$50. In all cases the interest rate is just about 16 percent.

Again, this 28-day tour is a complete one, covering 12 countries and such cities as Heidelberg, Lucerne, Innsbruck, Rome, Genoa, Nice, Monaco, Paris, London, Amsterdam, Brussels and others. Shorter, less expensive trips are available, of course, and travelers can have their travel

agent set up individual tours, or go on their own. A guided, all-expense tour was chosen for an example because such tours are popular and it is easier to figure all-over costs when considering a planned trip.

This trip costs a minimum of \$844 for one person and a maximum of \$1,119. The differences are related to the season in which the tour is taken (November is cheaper than June, and less popular) and whether a jet plane or a propeller-driven plane is selected. Family rates, under which your wife and children will be charged \$100 or \$150 less, are available on certain tours, but these again are not during the most popular seasons.

All "Best" Time

For the purpose of this survey, it is assumed that all persons will be going at the "best" time of the summer, and paying an average of \$1,000 each. Actually, it would be a little more than that.

How about an air tour of the Orient? Here's a 28-day all-expense conducted tour that will include Hawaii, the Philippines, Thailand, Singapore, Malaya and Hong Kong. Its cost, for a man, wife and two children under 12, comes to just a

little over \$7,000. This is figured on a basic price for one of \$1,991, and a \$468 reduction on air transportation for each child.

There is no "off season" on this tour of the Orient, so prices do not change by the calendar. You can leave in April, June, July, August, September, October, November, or December. (There is an optional extension to Tahiti at a cost of \$767 more, which is not being figured in.)

Flying now and paying later, and using the credit service offered by the travel agency, will add 14 to 18 percent to the bill, depending on the repayment schedule. The schedule is complicated by the fact that two loans will have to be made; one for the maximum of \$5,000, and one for the balance.

Here is how the payment and interest schedule looks on \$5,000.

Monthly payments	Amount to be repaid	Interest rate
\$868.33	(Six months) \$5,209.98	14½%
\$451.66	(12 months) \$5,419.92	15½%
\$312.77	(18 months) \$5,629.86	16%
\$243.33	(24 months) \$5,839.92	16%

Under this plan, you will simultaneously be paying on another loan of

The Credit Union Bridge



\$1,300, the balance of \$6,300, which is the total of \$7,000 less the required 10 percent down. The schedule on \$1,300:

Monthly payments	Amount to be repaid	Interest rate
	(Six months)	
\$227.00	\$1,362.00	16%
	(12 months)	
\$118.66	\$1,423.92	17½%
	(18 months)	
\$ 82.55	\$1,485.90	18%
	(24 months)	
\$ 64.50	\$1,548.00	18%

How Popular?

How popular is the "fly now, pay later" plan with travelers, and what percentage of airline business does time-payment business represent? Representatives of three major airlines indicate that the percentage is small. Trans World Airlines estimates that less than 5 percent of its annual \$400 million business is of this kind. Pan American's estimate is 3 or 4 percent; and Northwest Orient Airlines reports about 1 percent.

Though percentages are low, these plans still involve a lot of money. Five percent of \$400 million, or even 1 percent of Northwest's \$100 million, is still a considerable sum. Many travel agents contacted by the Bridge, and several airline officials, say the

pay-later business is becoming less and less important.

The manager of a large Chicago travel agency office says his overall estimate of the percentage of travel on a go now, pay later basis is less than 1 per cent. There are two major classes of travelers who go on tours, he says. One group works hard and plans a long time for such a trip. There are no snap decisions; everything is carefully worked out in advance. Most of these people lay cash on the line when the planned-for trip comes. The other group consists of clients with money; these people will pay cash because they have it.

Neither of these groups is likely to be interested in a time payment plan, he says. The exceptions are those cases where a person has to travel on short notice, and doesn't have cash, and people of means who use the time-payment plan only as a convenience. Such persons may not wish to go to the bank, or may have cash tied up in one way or another, and may use the plan because it is easier than converting assets. The interest rate may not bother them.

It should be noted that the interest rates quoted so far are not necessarily "high." Credit union rates are lower, (Continued on page 21)



BIGGEST BOOSTER IS THEIR BUILDING

Membership doubled and assets tripled when this southern Illinois credit union began building its own office.



Leonard Muttes, 67, a shoe repairman, points out with pride that three generations of his family are credit union members.

“OUR most effective promotional device is our building,” says white-haired Paul W. Schnute, 57, veteran treasurer of Pana Community Credit Union in Pana, Illinois. “Over the years we have tried many publicity tools. Some of them have helped our members to make better use of our services. But none of our educational efforts has brought more significant results than our \$30,000 office building.”

Pana Community Credit Union was organized on Christmas Eve in 1942. Fifteen years later the group had 724 members with \$299,662.40 in shares. Then it started talking about a building of its own. During two years of planning and construction, the membership increased by more than 50 percent and shares in excess of 80 percent. Today, after seventeen months in the new building (April 30, 1961), the number of members has risen to 1,506 and shares have climbed to \$963,883.91.

Comments a Pana board member: “The educational impact of our credit union building, on both the enrolled and potential membership, has surpassed our fondest hopes. Confidence in the credit union has multiplied. The concrete evidence of solvency, respectability and solidity represented



Treasurer Paul W. Schnute (standing) and credit committee chairman Justin Tappero believe their new building is the key to the community's increased interest in the credit union.

by our building has helped many of our 7,000 residents to realize that the credit union is just what they need. We now have more share funds than loan requests. And our members take pride in telling friends about *their* building which at night stands out brightly under the beams of flood lights."

Members Built It

Construction work on the credit union headquarters was done entirely by credit union members at union wages. The single floor (28'x44') brick veneer building is air conditioned and heated with thermostatically controlled baseboard radiation. It is divided into eight areas: lobby section, general office, utility room, work area, vault, conference room and two washrooms. An adjacent parking lot accommodates seven cars. And a covered porch with drive-through carport enables members to do their credit union business in comfort during all seasons.

Pana's office building faces the junction of two heavily traveled streets in the town's residential section. It's located in the center of a 200 feet by 70 feet double lot, which cost \$2,000. "We have set up a twenty-year write-off schedule for our \$30,000 build-

ing," reports supervisory committee chairman John A. Castle, 3rd. "If it were necessary, we could probably pay for the building in half that time. But we prefer a longer write-off period because we like to continue to purchase up-to-date office equipment whenever we need it."

Is Pana's recent growth based solely on its new building?

It is not. This Illinois community credit union has a continuous membership education program in which the entire board participates. An important part of this program is informal word-of-mouth activity. But the program also has its formal side. Says treasurer Schnute: "In our formal educational work we try to get the maximum value out of each dollar spent. That's why we have bought efficient printing equipment which enables us to prepare our own newsletters and notices at substantial savings."

These are Pana's principal educational and promotional activities:

Monthly bulletin. Pana Community Credit Union publishes a 4-page monthly bulletin, illustrated with photos, drawings and graphs. The 8½ x 14-inch bulletin on varying colored paper is offset printed and

folded in the credit union office. The latest financial statement and a new CUNA Supply leaflet accompany each issue. The bulletin and accompanying literature are mailed to the home of each member family as well as to a small list of prospective members. Monthly cost of the bulletin, exclusive of labor, is \$67.75.

Recent topics in Pana's monthly bulletin include: Chapter meeting, recent growth, insurance benefits received, training schools, social events scheduled, Christmas plans, teaching children how to save money, comparing costs of outside credit with credit union loans, add-on costs on department store credit, passbook verification in progress, how saving in the credit union helps other members, annual share growth since organization, introducing newly elected board members, annual chapter banquet, using the credit union's night deposit box, office hours, and encouraging working girls to save for a trousseau.

Diagrams and charts. Among Pana's most effective educational devices are charts and diagrams which show the members the savings they make by paying cash and using low-cost credit union loans.

Small favors. Mints, candy and



Supervisory committee chairman John A. Castle III is a laboratory worker who became a credit union enthusiast when a bank refused him a loan for lack of collateral.



Florist Ren Alde believes credit union members should use their own organization before turning elsewhere for financial assistance.



Plant manager Robert Quackenbush considers the credit union a "great asset" to the community.

pencils are among the inexpensive items which Pana gives away to remind its membership to use the credit union's services. Each item bears an imprint of the credit union's name as well as the message to save and borrow there.

Publicizing Loan Protection and Life Savings insurance benefits. After obtaining the beneficiary's permission, Pana shows verifax copies of Loan Protection and Life Savings insurance checks to new and old members as they come to the credit union office. Says Paul Schnute: "Even if the survivor should refuse to grant us permission to publicize the benefits—which has never happened—we would send him a verifax copy of the check and transmittal letter received from CUNA Mutual."

Paper napkins. Pana offers attractive paper napkins to all civic, religious and fraternal groups in the community. These napkins bear a congratulatory imprint with the organization's name and insignia as well as the message: "Compliments of Pana Community Credit Union."

This service has been in effect for six years. "All of our local organizations know about it," reports a Pana
(Continued on page 28)

FROM THE MANAGING DIRECTOR:

"HOW SHOULD I APPROACH A PROSPECTIVE MEMBER?"



BELIEVE it or not that question is often asked. Evidently many credit union members feel that there has to be a special way to ask potential members to come on in. The answer is so simple—just ask them to join. It isn't necessary to beat around the bush; just say, "Joe, how about your joining the credit union today?" And there's a pretty good chance Joe will join.

Actually the timidity on our part keeps many people from joining. There is no better way than the direct way. And potential members are often just waiting to be asked to join. Let's ask 'em now!

And then let's keep on with the direct approach:

"How about building up that savings account in the credit union?"

"How about financing your next car and TV set through the credit union?"

"Let us help you start a credit union where you work?"

People are waiting for direct invitations—let's not keep them waiting any longer.

Own Your Own Building

A credit union should own its own building if at all possible and feasible. It doesn't have to be a palace (in fact, it shouldn't be ostentatious at all) but it can be yours—and that's important. You will find that it is a real morale booster for the membership and a real builder of new membership. It will encourage members to do more of their saving there—and more of their borrowing there.

Borrow To Lend?

Many credit unions do, yet a few credit union leaders feel that this is against credit union philosophy. Probably every chapter has had

this up for discussion at some time, but it needs to be repeated on chapter agendas. A number of credit unions needing money to take care of their members' loan applications refuse to consider seeking a loan to the credit union.

The laws permit it (all with a limit, of course) and it is in the best keeping of the credit union concept of group self-help. Our credit unions exist to serve the members with 1) an incentive to save and 2) a source of low cost loans. If the savings of the members haven't built up enough capital to take care of the loan demand, then the credit union officials almost have the responsibility of getting a credit union loan to take care of that demand.

For that loan, check with the central credit union serving yours, check with credit unions around you, check with the league and check with your bank. By all means, when you need more money to lend to your members, borrow it and lend it!

We Don't Need Subsidies

No question but that some credit unions receive substantial subsidies from management in the form of free office space, janitor services, heat, light, etc. Some receive the privilege of holding board and committee meetings on company time. Some receive more even than those items.

Credit unions don't need subsidies and I hope that those credit unions receiving substantial amounts will begin making payment for all such services.

We can pay our own way and thrive! We're stronger when we are paying our own way—much stronger!

H. Vance Austin



SERVICEMEN'S CREDIT PROBLEMS

U. S. Military forces now have legal assistance officers to prevent as well as untangle servicemen's financial troubles. The 430 military credit unions help.

SGT. Pete Green figured he was getting a good deal when the used car salesman told him the rate of interest would be 2½ percent. He'd heard of buddies who paid 6 percent or even 8 percent.

Later, Pete learned to his dismay that the salesman had meant 2½ percent per month, or nearly 30 percent per year—which is legal in Virginia, where this dealer was located. It was an expensive lesson.

Pete is one of the many tens of thousands of servicemen who succumb to the temptation to buy on credit. Most servicemen, like most other young Americans, have learned to use credit wisely and constructively. But many get gyped, and an

even larger number get into trouble because they permit their commitments to get over-extended.

Rackets practiced on servicemen are, of course, endless. An Army legal officer voices special disgust over some of the credit jewelry stores. "As the little private first class lingers over the half-carat diamond, the salesman urges, 'We'll pay for the call. Call her.' Next thing he knows, he's engaged to some swivel-hipped dame he's seen only once before in his whole life."

Marines are warned about the experience of the confident young corporal who planned to outfox the car salesman by insisting on some test driving. The obliging salesman will-

ingly offered the use of the car for the week-end, providing only that—"for his protection, insurance, etc."—the lad sign a contract, which the salesman promised to hold.

"When the Marine brought the clunker back on Monday to say he wouldn't buy it," says a Marine legal officer, "he found he already had."

But bad money management habits are even more of a hazard than deliberate swindles. The serviceman and his wife succumb to the radio-TV ads as cheerfully as anyone else. They may be tempted to live to the limit of their joint incomes. Suddenly the wife must stop work, or there is an auto accident, or a change of station. Income is down, but the load of monthly

payments continues.

The Armed Services do not accept responsibility for the financial welfare of individual servicemen, but they have a big stake in the problem. When a serviceman falls behind in his payments, creditors look to the commanding officer for a reckoning. The Services aren't interested in helping the serviceman escape legitimate obligations, but they want to do what they can to keep him out of trouble which could wreck his career.

Aside from the tragedy for the individual victim, there's also a public stake. A serviceman who wilfully fails to pay debts faces court martial. The Services can't afford to lose men who represent a big investment in training and experience.

Even if the man manages to ward off a reckoning, his usefulness may be impaired. A serviceman who is harassed by creditors may not be able to concentrate on his job. He becomes a disciplinary problem and a potential hazard in operations.

Since World War II, all major military units have had legal assistance officers. Originally their assignment was merely remedial—to counsel servicemen and their families when they got into trouble. More recently, however, all branches of the services have joined in a far more ambitious undertaking—a preventative law program, which seeks to alert servicemen and their families to the legal penalties they may incur unless credit is used wisely.

Word Is Spread

Through conferences with recruits, lectures to groups of service wives, articles and cartoons in post newspapers, the legal assistance officer spreads the word that credit should not be used recklessly. Pitfalls are publicized, and servicemen are urged to come in for consultation before signing anything that could lead to trouble.

"Youngsters in their first enlistment are constant prey of unscrupulous merchants," the Navy's *Judge Advocate General's Journal* reported recently. "From the mail order diamond merchant to the fly-by-night used car dealer there is a boundless variety of opportunities for military personnel to achieve insolvency without really trying.

"If he is married, he may also have the assistance of his wife in signing up for encyclopedia sets, charm

courses and similar expensive diversions. Even though he may possess the acquired taste of financial prudence, the burgeoning cost of food, rent and other necessities, coupled with any sudden emergency, may put him in an extremely difficult position."

In 1958 the effectiveness of preventative legal assistance work was tested aboard the USS Boston. Ship's publications publicized the problem. There were frequent lectures to the men in small, informal groups. In the first year, according to the Navy, the number of indebtedness complaints was cut by fifty percent.

Wives, Too

Often the preventative legal assistance campaigns are directed at wives as well as at servicemen themselves. In the family orientation course at Lowry Air Force Base, airmen's wives got a series of lectures, together with pamphlets and reprints documenting the facts about frauds, swindles, installment purchases, home buying and auto accidents.

A steady flow of basic information on legal problems, distributed by the Office of the Judge Advocate General of the Army, turns up in post publications of all branches of the Services, throughout the world. If Sgt. Green had been reading them, he would have realized there is more to an installment contract than the rate of interest. For example:

Deficiency liability: When Sgt. Green bought his car, he apparently was laboring under the impression that buying this first car was akin to renting, and if the load became too heavy, he could turn back the car.

Should Have Known

But the legal assistance officer and the materials printed in post publications would have told him about his liability for deficiency. The \$1,400 he had paid for that A-1 1956 Chevy hardtop had included \$500 for interest and finance charges. In the event the car was repossessed and was sold for \$700, he would still be responsible for the difference between the amount he owed and the amount the dealer realized from the repossession.

Export of car: Also there was the matter of Pete's ultimate transfer to overseas duty. Unless he could sell the car for as much as he owed, there would be the deficiency payment to

meet. On the other hand, he would find, as other servicemen have, that the car couldn't go with him outside the United States unless the dealer gave him his consent—which is hardly likely.

Legal assistance officers emphasize the cost of credit. "There are no better jugglers than the various appliance and auto dealers when it comes to money charges," servicemen are told. "A finance charge, they tell us, is to pay for making the transaction, for making the money or credit available so we can buy from them.

"But we are already paying interest for the money loaned. So really here are two different charges for the same thing—despite all the fancy words the salesman may give. This is how the dealers get around the legal restrictions on how much interest they can charge.

"The finance charges can enable them to charge hidden interest rates of an extra 10 or 20 percent, to be added on the interest rate shown on the contract. As a matter of fact the law leaves the dealer free to make just about any finance charge he wants, so there is no limit to the amount of padding that can be done."

Urges Saving

In conferences and published material, the legal assistance officers urge servicemen to save their money and buy for cash whenever possible. One example worked up by the Navy involves a sailor named John. He's about to ship out on a ten-month cruise, but he's tempted to buy a car first and leave it in his girl friend's garage.

The Navy is skeptical all the way on this deal. "Like a good garage," it says, "such a girl is hard to find." John had better think twice before leaving such an important asset with anyone.

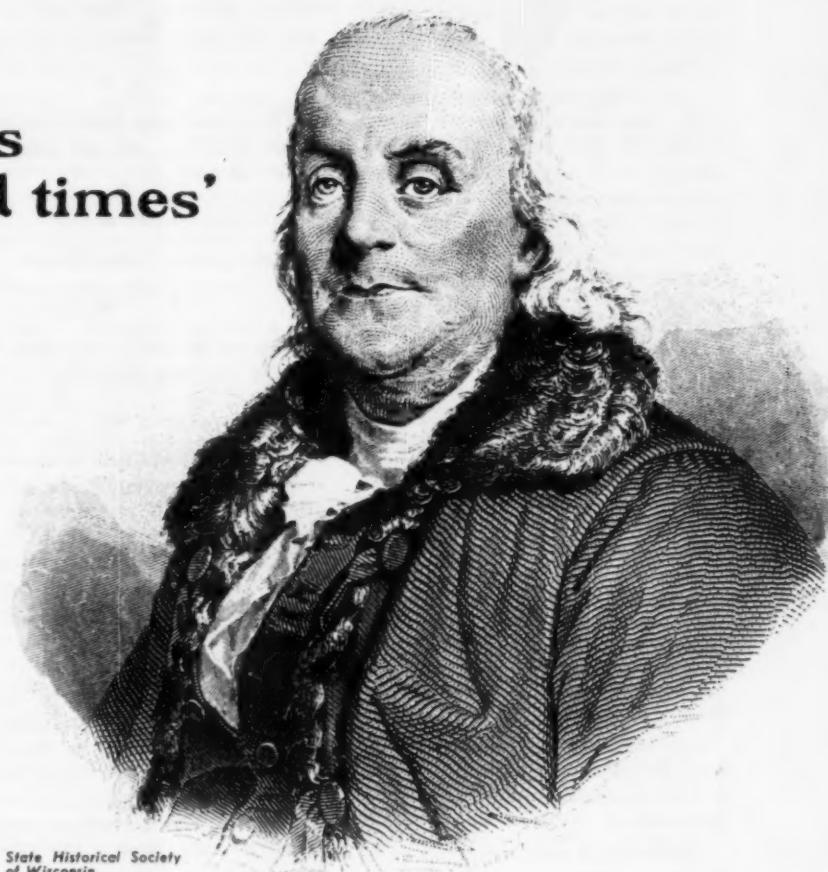
By saving \$50 per month, instead of using it on payments for a car that is standing in a garage, the Navy points out John will accumulate \$500 while he is away on the cruise. Even in a Boston savings bank at 3¼ percent interest, there would be \$510 waiting when he came back. "John can go into any car dealer and plunk down at least \$510 as a whole or partial payment. The savings in interest and finance charges can make that \$510 worth a thousand to him."

The preventative law program
(Continued on page 22)

'CREDITORS ARE A SUPERSTITIOUS SECT....

great observers
of set days and times'

*Ben Franklin had wise things
to say about just about
everything; here's
what he said about
debt, credit, thrift,
and wastefulness*



State Historical Society
of Wisconsin

SOME authorities believe Benjamin Franklin was the most remarkable man America has ever produced.

Some have called him the "Leonardo da Vinci of the New World." Certainly Franklin had a much wider range of interests and abilities than most men. His studies, writings, inventions, and accomplishments included such widely differing fields as electricity, home heating and ventilating, printing and publishing, statesmanship, choosing a mistress, higher education, advertising, diplomacy, overeating, propaganda, meteorology, and many others.

Franklin probably is as well known for his views on thrift, industry, and frugality as for anything else. For years he filled in blank spaces in his *Poor Richard's Almanack* with bits

of advice and wisdom, some of it original and some of it rewritten from other sources. Often in his writings and in his letters to friends and relatives, his favorite themes of hard work, saving, and shrewd money-handling turned up.

Many of his ideas are as applicable today as they were back in the 18th century. There were no credit unions in the 1700s, of course, and it can only be guessed what Franklin would have said about them if they had been in existence. Like many writers who write a lot, Franklin is not always consistent, but he is always to the point.

Here are some of his ideas on money, credit, thrift, and saving, some of them from the *Almanack*, and some from other writings:

The use of money is all the advantage there is in having money.

For 6 pounds a year you may have the use of 100 pounds, if you are a man of known prudence and honesty.

He that spends a groat (fourpence) a day idly, spends idly above 6 pounds a year, which is the price of using 100 pounds.

He that sells upon credit, asks a price for what he sells equivalent to the principal and interest of his money for the time he is like to be kept out of it; therefore he that buys upon credit pays interest for what he buys, and he that pays ready money might let that money out to use; so that he that possesses any-

thing he has bought, pays interest for the use of it.

Consider then, when you are tempted to buy any unnecessary household stuff, or any superfluous thing, whether you are willing to pay interest, and interest upon interest, for as long as you live, and more if it grows worse by using.

Yet, in buying goods, it is better to pay ready money because he that sells upon credit expects to lose 5 percent by bad debts; therefore he charges on all he sells upon credit an advance that shall make up that deficiency. Those who pay for what they buy upon credit pay their share of this advance. He that pays ready money escapes, or may escape, that charge.

★ ★ ★

A penny saved is two pence clear. A pin a day is a groat a year. Save and have.

★ ★ ★

Creditors are a superstitious sect, great observers of set days and times.

★ ★ ★

(Advice to a young tradesman):

Creditors are a kind of people that have the sharpest eyes and ears, as well as the best memories of any in the world.

Good-natured creditors (and such one would always choose to deal with if one could) feel pain when they are obliged to ask for money. Spare 'em that pain, and they will love you. When you receive a sum of money, divide it among 'em in proportion to your debts. Don't be ashamed of paying a small sum because you owe a greater. Money, more or less, is always welcome; and your creditor had rather be at the trouble of receiving ten pounds voluntarily brought him, though at ten different times or payments, than be obliged to go ten times to demand it before he can receive it in a lump. It shows, besides, that you are mindful of what you owe; it makes you appear a careful as well as an honest man; and that still increases your credit.

The way to wealth, if you desire it is as plain as the way to market. It depends chiefly on two words, **INDUSTRY** and **FRUGALITY**. Waste

neither time nor money, but make the best use of both. He that gets all he can honestly, and saves all he gets (necessary expenses excepted) will certainly become rich, if that Being who governs the world, to whom all should look for a blessing on their honest endeavors, does not in His wise providence otherwise determine.

★ ★ ★

**There are three faithful friends
—an old wife, an old dog, and
ready money.**

★ ★ ★

Light purse, heavy heart.

★ ★ ★

**The second vice is lying, the
first is running in debt.**

★ ★ ★

Remember that credit is money. If a man lets his money lie in my hands after it is due, he gives me the interest, or so much as I can make of it during that time. This amounts to a considerable sum where a man has good and large credit, and makes good use of it.

Remember that money is of the prolific, generating nature. Money can beget money, and its offspring can beget more, and so on. Five shillings turned is six, turned again it is seven-and-three-pence, and so on until it becomes a hundred pounds. The more there is of it the more it produces every turning, so that the profits rise quicker and quicker. He that kills a breeding sow, destroys all her offspring to the thousandth generation. He that murders a crown destroys all it might have produced, even scores of pounds.

Remember this saying, that the good paymaster is lord of another man's purse. He that is known to pay punctually and exactly to the time he promises, may at any time, and on any occasion, raise all the money his friends can spare. This is sometimes of great use. After industry and frugality, nothing contributes more to the raising of a young man in the world than punctuality and justice in all his dealings; therefore never keep borrowed money an hour beyond the time you promised, lest a disappointment shut up your friend's purse forever.

The most trifling actions that affect



The Bridge is grateful to E. H. Mueller, Madison, Wis. insurance man who has been a collector of Franklin materials and mementoes since 1929. Mueller invited a Bridge reporter to use books in his collection in preparing this article.

a man's credit are to be regarded. The sound of your hammer at five in the morning, or nine at night, heard by a creditor, makes him easy six months longer; but if he sees you at a billiard table, or hears your voice at a tavern, when you should be at work, he sends for his money the next day; demands it, before he can receive it, in a lump.

It shows, besides, that you are mindful of what you owe; it makes you appear a careful as well as an honest man, and that still increases your credit.

★ ★ ★

He's gone, and forgot nothing but to say farewell to his creditors.

★ ★ ★

(Advice on how to save money by cutting down on luxuries):

1. When you incline to have new clothes, look first well over the old ones, and see if you cannot shift with them another year, either by scouring, mending, or even patching if necessary. Remember a patch on your coat, and money in your pocket, is better and more creditable, than a writ on your back and no money to take it off.

2. When you incline to buy china-ware, chinzes, India silks, or any other of their flimsy, slight manufacture, I would not be so hard with you as to insist on your absolutely resolv-

The Credit Union Bridge

ing against it; all I advise is to *put it off (as you do your repentance) till another year*, and this, in some respects, may prevent an occasion of repentance.

3. If you are now a drinker of punch, wine, or tea twice a day, for the ensuing year drink them but once a day. If you now drink them but once a day, do it but every other day. If you now do it but once a week, reduce the practice to once a fortnight. And if you do not exceed in quantity as you lessen the times, half your expense in these articles will be saved.

4. When you incline to drink rum, fill the glass half with water.

★ ★ ★

(In a letter from Paris to his daughter, scolding her for showing luxurious tastes):

I was charmed with the account you gave me of your industry, the tablecloths of your own spinning, etc., but the latter part of the paragraph, that you had sent for linen from France, because weaving and flax were grown dear; alas, that dissolved the charm.

And your sending for long black pins, and lace, and *feathers!* disgusted me as much as if you had put salt into my strawberries. The spinning, I see, is laid aside, and you are to be dressed for the ball! You seem not to know, my dear daughter, that of all the dear things in the world, idleness is the dearest, except mischief.

The war indeed may in some degree raise the prices of goods, and the high taxes which are necessary to support the war may make our frugality necessary; and, as I am always preaching that doctrine, I cannot in conscience or in decency encourage the contrary, by my example in furnishing my children with foolish modes and luxuries. I therefore send all the articles you desire that are useful and necessary, and omit the rest; for as you say, you should "have great pride in wearing anything I send, and showing it as your father's taste." I must avoid giving you the opportunity of doing that with either lace or feathers.

If you wear cambric ruffles as I do, and take care not to mend the holes, they will come in time to be lace; and feathers, my dear girl, may be had in America from every cock's tail. ■

July, 1961

Keeping Posted

ON CUNA SERVICES



The CUNA program and services are planned on the basis of consultation between League officers and staff, national board and committee members and CUNA staff. The basic purpose of the CUNA program is to support, supplement and strengthen League programs. Most CUNA services are available through League offices; some are available directly.

ADVERTISING AND PROMOTION

The department is developing next year's annual meeting supplies for credit unions. (Phil Davies, director.)

PERSONNEL AND OFFICE MANAGER

The job descriptions of CUNA's and CUNA Supply's personnel are being brought up-to-date.

The new air conditioning unit in Filene House is now ready for use. Installation of two gas-fired boilers will begin this summer. (Cecil Reid, director.)

RESEARCH, ECONOMICS AND STATISTICS

Staff has begun a study of the growth pattern of federal credit unions during the 1950's. A study of the effect of prosperity and depression on credit unions will be completed in September. The department is continuing its data exchange service. (Walter Polner, director.)

PUBLIC RELATIONS

A full supply of Credit Union Day publicity items is on its way. If your chapter needs additional materials—television spots, posters, etc.—write to the department.

Two new leaflets for the Financial Information Program will soon be available through the Leagues: One clarifies the income tax status of credit unions. The other deals with credit union safety, discussing such subjects as stabilization and deposit insurance. (Warren Lutey, director.)

LEGAL AND LEGISLATIVE

Staff is bringing the comparative digest of credit union acts up to date. This new digest will include all 1961 changes. (Dave Weinberg, director.)

ORGANIZATION

The department has added a fifth low-income group project to its experimental work in the Southwest.

A new visual aid device called "first two weeks cards" will be ready this fall. This device will supplement the organizer's "open up cards" by helping new treasurers over their first two weeks until the organizer returns for a follow-up visit.

Staff is arranging three area organization conferences to be held shortly after

Credit Union Day. (Bob Dolan, director.)

EDUCATION

Substantial progress is being made in negotiations with the International Correspondence School toward a course for credit union treasurers. The plan permits Leagues to pay a nominal registration fee for all participants in their area. The department will supervise the preparation of all materials. Promotion of the program is left to the participating Leagues. Anticipated starting date for the first course: early 1962.

Next month's graduate program will concentrate on two topics: (1) developing skills to enable the student to conduct special studies within his own credit union; and (2) examining the basic issues which face the credit union movement today. (John Bigger, director.)

WORLD EXTENSION

The department is preparing a report on the Brazilian credit union movement, based on field work there last month. A staff member will teach credit unions at the International Seminar on Cooperation in Copenhagen, Denmark, in July and August.

Trainees from Trinidad, Viet Nam, Iraq, Basutoland, Uganda, Tanganyika and Venezuela are participating in an orientation program sponsored jointly by the department, Leagues, governments and private foundations.

The field staff's July and August activities are concentrated in Ecuador, Colombia, Venezuela, Panama, Netherlands Antilles and the Philippines. (Olaf Spetland, director.)

LEAGUE MANAGEMENT CONSULTANT

Staff has prepared a final report of its centralized accounting studies, including an analysis of record-keeping problems. This study also describes the procedures through which Leagues can establish centralized accounting services for their credit unions.

A survey of League stabilization funds and programs is scheduled for completion late this summer. The survey report will include an analysis of the funds' scope, purposes, administration, problems and methods of financing. (Bob Rodreick, consultant.)

EXECUTIVE

The executive offices of the Credit Union National Association are located in Madison, Wisconsin, and Hamilton, Ontario. Vance Austin is managing director, Orrin Shipe is assistant managing director and John Brady is comptroller, all in Madison; Bob Ingram is Canadian manager in Hamilton. The Washington office is under the direction of Abraham Dash.

in the NEWS



Mrs. Mary Jean McGrath has been named new editorial director and publisher of *The Credit Union Bridge*. Mrs. McGrath, a CUNA employee since 1948, was assistant director of public relations before her new appointment. She succeeds Richard Y. Giles, who resigned as *Bridge* editor to accept a staff position with Consumers Union, Mt. Vernon, N.Y.

Tom Hefter, CUNA public relations news manager, has succeeded Mrs. McGrath as assistant director of public relations. Hefter joined CUNA staff in 1957 after working for newspapers in Wisconsin and Texas.

A recent departmental change, approved at the annual meeting in Montreal, has placed *Bridge* magazine and the CUNA public relations department in a new Communications division. In charge of the division is Warren P. Lutey, director of public relations.

The first credit union in Paraguay was organized recently in Asuncion. It was formed among a group of government employees by an employee who attended the third annual CUNA Credit Union Seminar two years ago in Santiago, Chile. There are only two Latin American countries now that do not have credit unions: Ecuador and El Salvador. CUNA's World Extension department already has a program planned for use in Ecuador.

The Asia Foundation has agreed to send a trainee from Viet-Nam to CUNA for extensive credit union training this summer, it was announced in San Francisco. The trainee is expected to train at Filene House, Madison, for four months before returning home to initiate a credit union program.

The encouragement of credit unions recently was called an important part of the new program of the International Cooperation Administration by Herbert Waters, assistant to the director of the ICA in Washington. CUNA's World Extension department reports that eleven credit unions now are operating in Ireland. Eight are affiliated with CUNA, including two that were granted membership during the recent CUNA annual meeting.

The first parish credit union in Montana was formed recently in Butte. It serves members of Immaculate Conception Catholic Church. William Leinweber, Calgary, Alberta, recently was

named field representative for the Utah League. Leinweber has had many years of experience in credit union management. John Barnhart, former trailer company accounting supervisor, has been named bonding supervisor in CUNA's Insurance Service department.

The World Extension department of CUNA has learned that the Economic and Social Council of the UN has granted CUNA consultative status. This gives CUNA the right to have a permanent observer at council meetings as well as other rights. The council is the second most powerful body in the UN. This is the second such honor granted so far this year; the UN Food and Agriculture Organization gave CUNA consultative status in January.

Tentative plans are being made to hold CUNA's first international conference for large credit unions next February. Final arrangements await approval by the CUNA Executive committee in August. A total of 142 new credit unions was reported to the Organization department during April, bringing to 645 the grand total up to that time this year. This compares with 448 for the first four months of 1960, and includes 119 new United States credit unions. California led with 15 new CUs, and Ohio was second with 11.

The Bureau of Federal Credit Unions granted the first credit union charter ever given to a political group when it gave a charter to the Kings Highway Democratic club in Brooklyn, N.Y. Rep. Abraham J. Multer is president of the club. "Live Better Through Planned Spending," a budgeting kit prepared by John Sullivan, CUNA family financial counselor, was praised in a recent column by Faye Henle, nationally-syndicated columnist. Miss Henle said one of the best things about the kit is that it doesn't teach dogmatic budgeting. It is available through CUNA Supply.

The Michigan League has obtained an amendment to the state credit union act permitting the appointment of loan officers by state-chartered credit unions. Retired California State Senator John J. Hollister Sr., father of California's credit union law, died recently in Santa Barbara at the age of 90. Sen. Hollister introduced a bill in 1927 that became the state's credit union law. Its introduction was made at the request of Leo H. Shapiro, California credit union pioneer.

James M. Barry is managing director of both Members Mutual Insurance Co. and the Texas Credit Union League. Members Mutual takes pride in its emblem.



TEXAS' AUTO INSURANCE COMPANY

*Starting an auto insurance business is risky at anytime.
But the Texas League is glad it took the step.*

AT its 1952 annual meeting, the Texas Credit Union League voted to start its own auto insurance company—provided it could get personal debenture subscriptions for \$250,000 from the delegates.

The delegates oversubscribed this amount within twelve minutes after the floor was opened for pledges—and The Members Mutual Insurance Company came into being.

Six years of intensive research and study preceded the birth of Members Mutual. During that time, a League-appointed automobile study committee examined the feasibility of starting an insurance company for the state's credit union members. The five-member committee contacted more

than a score of insurance companies. Some of these offered to sell their companies to the Texas League.

Here are some of the committee's findings:

- Texas credit unions were providing some 25 percent of the League business of Employers Mutuals of Wausau.
- Texas' claims ratio was consistently among the lowest.
- The state's credit unions would receive larger dividends if claim ratios were based on their experience alone.
- A mutual company under Texas law would best meet the members' needs.
- The company should write all

forms of automobile coverage to be able to give maximum service to the credit union members of the state.

- Statutory minimum capital requirements for starting a mutual insurance company in Texas were \$80,000. The committee recommended that the League's auto insurance company raise \$250,000 before going into business. But debentures of such a company were not a legal investment for credit unions. Since the League had no money to invest, the investment funds had to come from individual credit union members.

- Debentures should be issued in denominations of \$100, \$500 and \$1,000.

"We felt that since credit union people were doing well with a life company, there was no reason why we should not do equally well with an automobile company," recalls James M. Barry, a veteran credit union leader and managing director of both the Texas League and Members Mutual. "We already knew that our claims experience was good. And we felt that we could have greater economy and speedier claims service by owning the company ourselves."

After deciding to start its own auto insurance company, the Texas League made an agreement with Employers Mutuals to transfer all Texas policies to Members Mutual at the time of their next renewal. CUNA assisted in working out the details of this arrangement. During its first year, Members Mutual received some \$560,000 in transferred premiums and reached a total premium volume of \$980,000. The company has paid a dividend for every year of its operation. In 1960, it paid a 20 percent dividend on a premium volume of \$2,717,470.

Comments managing director Barry: "Three important factors assisted our new company in getting a good start. They are (1) a substantial premium volume of high quality business, (2) the enthusiastic support of the credit union people throughout

our state, and (3) adequate financing."

Member Controlled

One of the major concerns of Texas' credit union leaders was to assure that control of the company would remain permanently with the state's credit union members. Their desire for special safeguards led to these bylaws:

Voting rights. Each policyowner has one vote to elect the director from his district. (Members Mutual has fourteen districts which coincide with those of the League. But the Dallas and Houston districts—of both the insurance company and the League—each have two directors.)

Director qualifications. Each candidate for director must be a member of a League-affiliated credit union and a policyowner of Members Mutual. Directors' terms are for two years. The company's officers are elected by and from its board of both have two directors each.)

Starting a Company

How does one start a casualty insurance company? The first three steps are to decide (1) what forms of coverage it should write, (2) what its initial capitalization should be and (3) whether it should be a stock or

mutual company.

Capitalization requirements for mutual casualty companies vary from state to state. If the coverage is to be limited to damage to the car only, the minimum requirement may be in the neighborhood of \$100,000. But if liability and medical payments are included in the coverage, the minimum capital may vary between \$250,000 and \$500,000.

In the case of a stock company, minimum capital stock should be between \$100,000 and \$500,000. These funds may consist of cash, government or state bonds, and—depending upon the state and type of coverage—first mortgages on unencumbered real estate.

These are some of the control and tax differences between mutual and stock companies:

- In a mutual company, the policyowner has one vote. This may vary under the company's bylaws. In some cases it can mean that a policyowner cannot have more than one vote regardless of the number of policies which he owns. In other instances, an individual may be entitled to vote each policy which he controls. Votes may also be based on the amount of insurance in force. And in at least one state, votes may be based on the amount of premium paid.

Profits of a mutual company are

Assistant managing director J. Boyd Browning says Members Mutual employs only experienced credit union workers in its service centers because "we are deeply conscious of the fact that our company is operated by and for credit union members."



redistributed to its policyowners in the form of dividends. However, in the event that the company loses money, the policyowner may be assessed for his proportionate share of the loss. After a mutual company reaches certain financial requirements, it may issue a non-assessable policy as long as it maintains this level of requirement. (Members Mutual has always had this type of policy.)

• **A stock company** is completely owned and controlled by its stockholders. The policyowner as such has no voice in the management. Profits from the operation of a stock company are normally distributed to the stockholders in the form of dividends. The stockholders may or may not be policyowners. Some stock companies also pay their policyowners dividends if the stockholders so desire to meet competition of the mutual companies. Policyowners in stock companies cannot be assessed.

Office operating procedures are substantially the same in both mutual and stock companies.

But there are significant differences in the companies' income tax status. A mutual company has to pay a federal income tax of 1 percent of its written premium and investment income, after deducting dividends to its policyowners; or 52 percent of its net investment income, whichever is higher. This applies regardless of the results of operations—even if there should be a substantial loss.

A stock company pays income tax at the regular corporate rates, usually 52 percent of profits after allowable tax deductions. But it is only taxable if it has a profitable year.

State Supervision

Before a new company can do business, it has to apply for a charter from the state insurance department. It also must submit the slate of its proposed officers for investigation and approval.

Policy forms, premium rates, and all other riders require insurance department approval as specified by local statutes and regulations. The company may file its rates individually. Or it may join a nationally recognized rating bureau such as National Bureau of Casualty Underwriters (stock companies only), Mutual Insurance Rating Bureau (mutual companies only), National Auto-

motive Underwriters Association (mutual and stock companies) or National Association of Independent Insurers (mutual and stock companies). Insurance companies which join these rating organizations may use their rates and policy forms. Or they may request the insurance department and/or the rating organization, for permission to deviate from rates or forms.

"The advantage of belonging to a rating bureau," a Members Mutual staff member points out, "is that such an arrangement saves the insurance company the time and effort to write its own policies. Use of a rating bureau also assures that the policies are contractually sound and legally defensible."

Minimum Volume

What minimum volume is necessary to make a credit union-controlled casualty company economically practical? Managing director Barry believes that six factors determine the minimum volume needed for good prospects of success: (1) need, (2) interest, (3) initial support, (4) quality of business, (5) capital and (6) the experience of management in the casualty business. Says he: "If management is inexperienced in the casualty field, then the capital should be substantially larger than if a casualty expert were at the head of the company."

Continues Barry, "There are many casualty companies which are quite successful with a relatively modest premium volume. It would be conceivable, for example, that a league-controlled casualty company with an initial volume of \$250,000 could succeed. But the company's ultimate success would depend upon the need for coverage, continued sound financing, the amount of local support available and management's ability to relate the credit union members' needs to the company's insurance services."

Pitfalls to Watch

What are the pitfalls which organizers of an auto insurance company should anticipate?

"Launching a casualty company is a risky business at any time," a veteran insurance man points out. "It is extremely easy to lose a lot of money very quickly."

Here are a few of the items which

new companies should watch carefully:

• **Reinsurance.** It is important to make adequate reinsurance arrangements. The ideal situation is to buy as much reinsurance as one needs—but not more. Life insurance companies occasionally do not reinsure at all. But all casualty companies reinsure a part of their coverage. This applies even to the biggest carriers.

• **Adverse selection.** A new company can be faced by the danger of adverse selection from an underwriting point of view. The only protection from this danger is a competent underwriter.

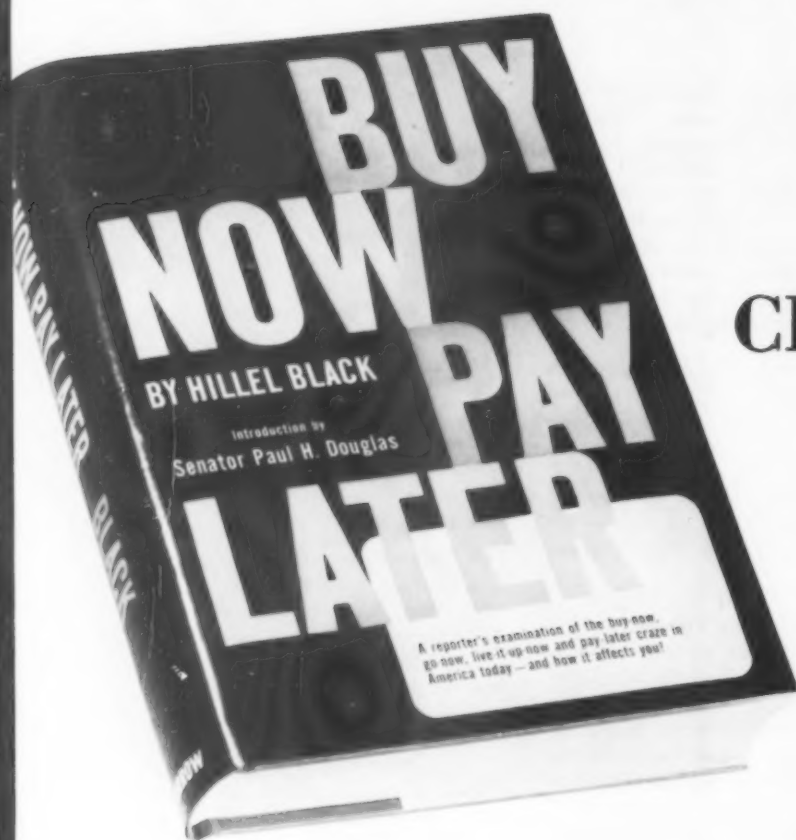
• **Forced growth.** Occasionally a new company will try to get volume too rapidly. If it sacrifices quality for rapid growth, this can be a dangerous undertaking. Initial volume should bear a practical relationship to the company's capital.

Selecting a Staff

Under ideal conditions, the person who is hired to start an auto insurance company for a League should be both thoroughly familiar with credit unions and experienced in the casualty insurance field. Experience in the life insurance field is not the same as knowledge of casualty insurance because the casualty field undergoes constant changes which require a special knowledge and technique.

"It is essential that the head of a credit union-controlled insurance company be a credit union veteran," says Jim Barry. "But he cannot hope to be successful without the aid of persons who are experienced in the casualty field. One way in which a company head can make up for his personal lack of insurance knowledge, is to hire an experienced casualty person to be his top lieutenant. But in such a case the difficulty is: how can a person who does not know the insurance business recognize an expert in this field. In view of this problem, I believe it is preferable that the head of a credit union-controlled casualty company should be experienced in both the credit union and the casualty fields."

Department heads in a credit union-controlled auto insurance company should be experts in the insurance field. But they should be willing to become thoroughly familiar with
(Continued on page 24)



CREDIT TODAY:

IT is not easy to write a book about consumer credit today, because it is hard to know whether to laugh or cry.

Hillel Black, who has just written a book called "Buy Now, Pay Later," has done a wonderful job of bringing together all kinds of information and anecdotes, some of which will make your hair stand on end and others that will make you laugh yourself silly.

Black is young, but this is his third book; his second was the well-received "The Thief in the White Collar." "Buy Now, Pay Later" is a better book, or at least more interesting, because consumer credit is a bigger and livelier subject than embezzlement.

*Hillel Black, reporter
and friend of credit unions,
tells the mixed-up story
of today's consumer credit in a new book.*



The Credit Union Bridge

funny, ridiculous . . . and grim

Incidentally, Black is a warm advocate of credit unions.

For laughs, take the story Black tells about a man who bought a wildcat from a pet store and failed to respond when monthly payment time came around. He told the store he wanted to return the animal and cancel the debt. The store said nothing doing, we want our money. The debtor called this bluff. He drove up to the store, yanked open the door, tossed the irritable animal in and slammed the door shut. Four salesmen scrambled up and down the walls until the wildcat was recaged.

Or another example: There was a debt collector who was out collecting one day in a low-income neighborhood, where debt collectors were easily recognized and not popular. One delinquent debtor, whom he was dunning in her kitchen, turned a huge police dog on him. The dog bit him five times, severing numerous vessels in his legs, and he lurched into the street, bleeding profusely and calling for help. Passers-by, recognizing him, told him, "You can die." He reached his car and drove to a hospital. The treatment was inefficient; while he was phoning his office from a hospital phone booth, he hemorrhaged again. Black interviewed him later, and asked him why he stayed in such a business. He said, "I love it. You meet all sorts of interesting people."

The phenomenon of the credit card attracts Black mightily, and he tells a lot of good stories about it. The first credit card of the universal type—the Diners' Club—was born when a fellow named McNamara spent two hours in a restaurant waiting for his wife to come and rescue him, because he had forgotten his wallet. Now, as Black points out, you can buy cigars, salami, cocktails, Maine lobsters and steam baths with your credit card;

you can shoot a bear and have it stuffed, rent a car or fly to Europe. You can even gamble with one in a lazy sort of way by getting a group to place their credit cards face down on the table and let the waiter pick up the one which will pay for all the groups' meals.

The first credit cards were actually letters of credit carried by travelers. Petroleum credit cards preceded the present Diners' Club, Carte Blanche,

CUNA and Bridge magazine recommend Hillel Black's BUY NOW, PAY LATER, and CUNA Supply Cooperative in both the United States and Canada has made arrangements for supplying the book to credit union members at reduced prices.

The book sells for \$3.95 retail in the U.S., and \$4.50 in Canada. It can be bought through CUNA Supply for \$3.25 in the U.S. and \$3.75 in Canada.

American Express type of thing; there are 49 million petroleum cards in motorists' pockets, says Black. Standard of Indiana, as one example, handles from 150,000 to 300,000 sales tickets a day coming in from its dealers. There are 357 employees in the Standard offices in Chicago, with automated equipment that looks like something from Cape Canaveral.

The credit card is easy to obtain and not easy to control. If you lose a credit card, you are liable for any purchases made with it until you have informed the company of the loss. Now and then somebody goes wild with a credit card, like Joe Miraglia, a nineteen-year-old clerk, who got

hold of a Carte Blanche awhile back. Joe took a room at the Waldorf-Astoria priced at \$55, dined and sported around from New York to Montreal, from Montreal to Miami, from Havana to Las Vegas. He bought a girl a \$675 mink stole, he bought himself a cocker spaniel and fed it filet mignon, and he spent \$2,000 on clothes. Finally he was caught. He owed \$10,000. He explained that he just wanted to live it up for once.

Others have exploited credit cards in a less innocent spirit. Charles Gregory Cannon was picked up by the FBI in New York; they found in his hotel room a printing press on which he was producing credit cards and checks. During five months Cannon had cashed \$20,000 worth of bad checks and spent another \$20,000 in hotels and restaurants with phony credit cards. Because of people like Cannon, the FBI has set up a new criminal category—"Most wanted credit card thief."

Collectors and skip tracers are another group Black finds interesting. The job of a collector, one of them told Black, is to frighten people in a nice way. Collection methods have been much refined in recent years, but the basic element in commercial collection work is always fear. Fear can be aroused by ingenious letters—for example, the letter with the missing first page, or the blank sheet; or it can be aroused by the personal visit, and the threat against the credit rating, and finally by the threat of legal action.

Skip tracers have done things as remarkable in their ways as any espionage agent celebrated in fiction. They have traced down skips on transatlantic steamers, and reached them on the ship's phone. They have dressed as priests in order to inspire confidence. They have tracked debtors to

the grave, attending the funeral and going home with the heirs. They have called up people and told them they have just won a Cadillac in a raffle. For their deceptive practices they have frequently run afoul of the Federal Trade Commission, but they seldom let that discourage them. One question about skip tracers that Black doesn't answer is, how big an account will spur a skip tracer to do all these amazing things?

The current trend toward credit for teen-agers is another thing that disturbs Black. He hints that we are moving toward a social condition in which everybody will be an indebted debtor. One merchant has a charge plan that is almost an organic part of the school program in his town; he has promoted it through the school system and the PTA, and students who take part get a white charge card in the beginning, a silver card after one year and a gold card after two. No parental approval is involved. The next step would be to make the gold charge card a requirement for graduation.

Education programs of debt merchants are essentially phony, Black believes. Basic information on the cost of credit is not provided. Instead, horrible examples of the misuse of credit are offered in a gentle way that soft-pedals costs and the merchant's responsibility, and the fundamental

questions are ignored. Schools are being manipulated as part of the new trend which is to sell debt instead of products. Apparently retailers are having more success getting school authorities' cooperation than loan companies ever did—naturally, since they are local people and taxpayers. A survey by *Seventeen Magazine* showed 64 percent of the stores surveyed offering some form of teen-age credit, and in such a situation school cooperation is almost inevitable.

Black acknowledges from time to time the constructive side of the consumer credit industry, but his book is chiefly a book about villains. The story of the Singer sewing machine is almost the only feature of the book that will give the reader some feeling of good cheer. Isaac Singer was the first, according to Black, to sell a product widely on the installment plan, and nobody, apparently, has ever shown more imagination and energy in doing it. Selling his sewing machines in Japan, for example, he ran into the fact that the Japanese traditionally sit on the floor. This made it difficult to sell them a treadle-operated machine, which is powered by the feet; but Singer refused to turn back. He promoted treadle-operated machines so effectively in Japan that there are now over 1,500,000 in Japanese homes, and many of these homes now have exactly one chair, placed

next to the sewing machine.

There are few encouraging signs, however, as far as Black can see. He doesn't like the way reverse competition in the automobile business pushes rates up rather than down; he doesn't like packs or kickbacks. He doesn't like the misleading and confusing advertising of loan companies. He doesn't like the trends in credit life insurance, where reverse competition, high rates and kickbacks provide a way to evade restrictions on small loan rates. He distrusts most debt adjusters. And of course he despises, quite justifiably, the loan sharks of Alabama and Texas and the low-income neighborhood debt salesmen of Chicago and New York. He is not willing to agree that the problem is essentially one of a disreputable fringe—he believes moral disintegration is widespread.

The Answer?

What's the answer? There are several recommendations in Black's last chapter. One is to support the Douglas truth-in-lending bill, and he scoffs at opponents who say it would be hard to work this bill out in practice. To those who say true interest rates are too difficult to compute, he replies, "It would appear absurd to insist that in an age when man is solving the mathematical calculations that will take him to the moon, he is incapable of agreeing on a standard formula that would measure the price he pays for debt."

Another answer is credit unions. Black says: "Of all the people I have talked to while gathering material for this book, no group has impressed me as much as those associated with the credit union movement. . . . These are selfless individuals with one purpose—helping people help each other."

"Buy Now, Pay Later" is an excellent reporting job; Black really gets around and talks to people, and they tell him things. No other book has been published that contains so much information about current practices, especially current abuses. Those whose toes are stepped on will complain that he hasn't offered a balanced evaluation, but neither have they. Any credit union officer who wonders just what the credit union's purpose is will be refreshed and toughened by reading this, and every credit union should circulate a copy among its directors and committee members.



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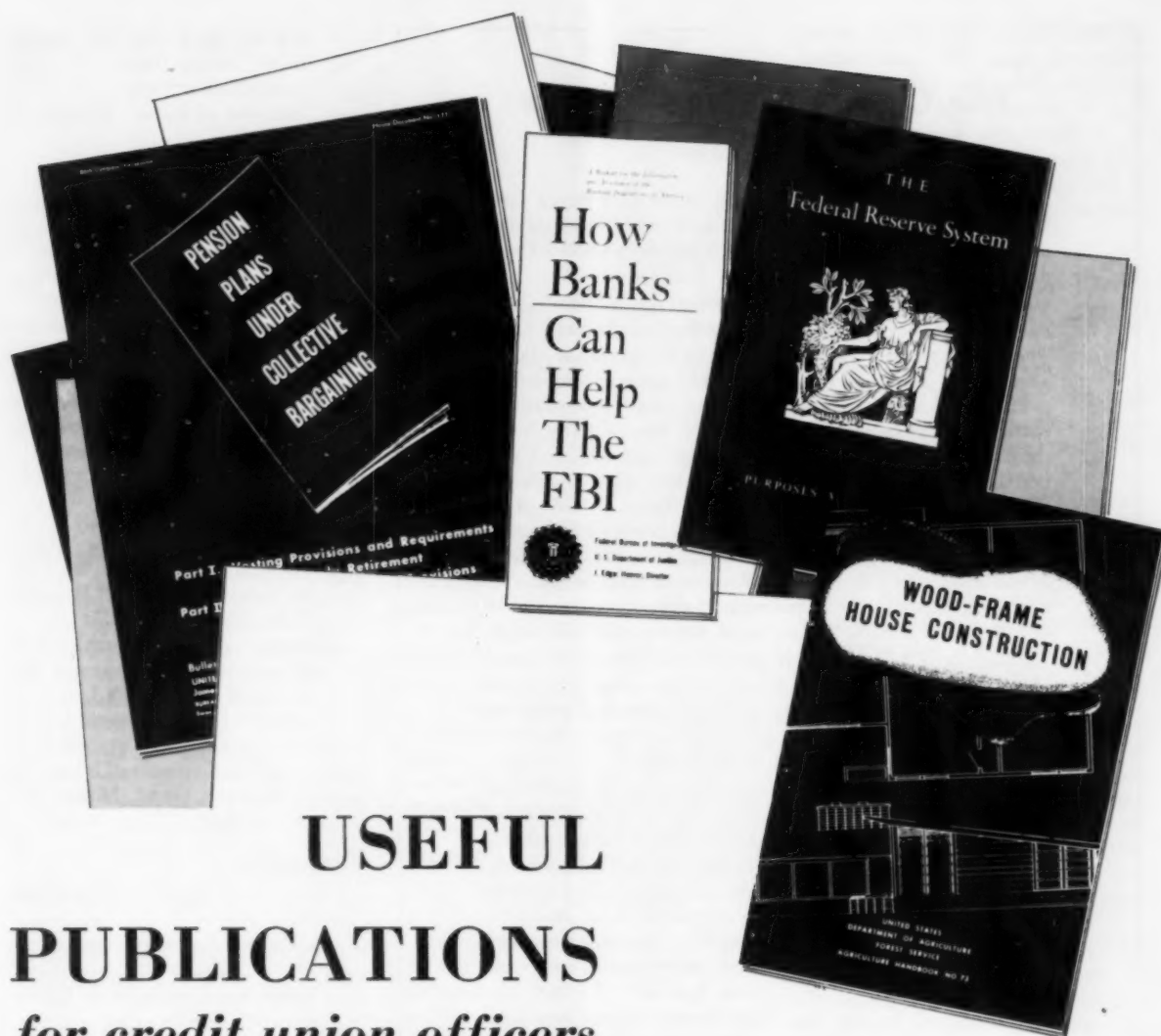
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USEFUL PUBLICATIONS *for credit union officers*

*Here is a list of free
and inexpensive litera-
ture for credit union
managers, directors and
committeemen.*

Items followed by one asterisk (*) are for sale at the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C. Send either check or money order, *not post-age stamps*. Publications marked with two asterisks (**) are available free of charge from the same agency.

All other items should be ordered from the source indicated next to the individual publication.

When placing your order, please use the publication's full title and order number (listed in parentheses).

Apprenticeship

The National Apprenticeship Program, 31 p., 1961, free, Bureau of Apprenticeship and Training, U.S. Department of Labor,

Washington 25, D.C.

Planned Training, 8 p., 1959, free, Bureau of Apprenticeship and Training, U.S. Department of Labor, Washington 25, D.C.

Birth and Death Certificates

First Things and Last (PHSP-724), 24 p., 1960, 15¢*.

Budgets

The BLS Interim Budget for a Retired Couple (Reprint 2354, from *Monthly Labor Review*, November, 1960), supply limited, free, Bureau of Labor Statistics, U.S. Department of Labor, Washington, 25, D.C.

The Interim City Worker's Family Budget (Reprint 2346, from

The CUNA President Speaks

By R. C. MORGAN

In a great ballroom in Montreal, an organ boomed forth "The Eyes of Texas" while friends and well-wishers slapped my back and shook my hand. I had just been elected President of the Credit Union National Association.

My eyes misted momentarily as full realization came to me of the honor and the responsibility which were mine. Then I felt terribly alone in the midst of the happy clamor around me—alone and inadequate—as I am sure some before me have felt as they contemplated the great responsibilities entrusted to them as CUNA President. But as warm hand-clasp followed warm handclasp, and as those who had supported my candidacy and those who had not supported it wished me well, my sense of aloneness faded. I realized, as I have often realized since I came to understand and to believe in the credit union idea, that the answer to loneliness, to inadequacy and to responsibility lies in faith in one's fellowmen. Suddenly that ballroom in Montreal became a place of a thousand friends, a place of confidence and of strength.

Somehow, I had never felt quite so good about the future of the credit union movement—not because of my election as CUNA President, but because of a conviction that never has the credit union movement possessed such great potential strength and power for good in the world.

To me, the hundreds of people assembled in the CUNA meeting hall in Montreal symbolized the faith of millions of credit union members everywhere—faith in the practicality of the brotherhood of man and in the idea that people working together in mutual aid of one another can do for themselves ten times what anyone else can do for them. And they symbolized the tremendous strength in human talent and courage and will that is the credit union movement's heritage in the world today.

It may well be that the credit union movement's most perplexing problems arise out of the very faith that is its strength. For the CUNA President, and those who elect the CUNA President, are but the agents of millions of credit union members. And they are all human beings, subject to the whims, the weaknesses and the orneriness of all human beings. But I thank God there is so much more kindness in the world than there is orneriness—and that credit union people have a greater than ordinary share of human kindness!

The problems of the credit union movement, are ours to solve. Solve them we must, for never has the world needed credit unions as it needs them in this day of ideological conflict. I know we *will* solve our problems. I know we will solve them because the basic credit union idea is an idea of faith—the faith of people in each other and in themselves.

In accepting the presidency of CUNA in Montreal, I pledged to those who elected me to do what I could to help the credit union movement hold high its head in the world as a symbol of human dignity and brotherhood. Now I make that same pledge to all those who are the credit union movement, who are its present and its future, its hope and its strength.

Monthly Labor Review, August, 1960), supply limited, free, Bureau of Labor Statistics, U.S. Department of Labor, Washington 25, D.C.

Census

Catalog of United States Census Publications, quarterly, 1-yr. subscription \$1.25*.

Charge Accounts

The Bank-Charge-Account Plan and Retail Food Marketing (AMS-421), 20 p., 1960, free, Agricultural Marketing Service, U.S. Department of Agriculture, Washington 25, D.C.

Consumer Publications

Changing Times, monthly, 1-yr. subscription \$6, 2 yrs. \$10, 3 yrs. \$14, The Kiplinger Washington Editors, Inc., 1729 H Street, N.W., Washington 6, D.C.

Consumer Bulletin, monthly, 1-yr. subscription \$5, Consumers' Research, Washington, N.J.

Consumer Reports, monthly, 1-yr. subscription \$5, 2 yrs. \$8.50, 3 yrs. \$12, Consumers Union, 256 Washington Street, Mount Vernon, N.Y.

Counseling

Aging, monthly, 1-yr. subscription \$1*.

An Approach to Individual Analysis in Educational and Vocational Guidance (OE-B1959-1), p., 1958, 20¢*.

Employment Interviewing (PMS-5), 103 p., 1956, 40¢*.

Occupational Information for Counselors — An Annotated Bibliography, 24 p., 1958, 15¢*.

Copyright Laws

Copyright Law of the United States, 62 p., 1960, 25¢*.

Education Costs

Costs of Attending College (B1957-9), 91 p., 1958, 45¢*.

Educational Grants

Financial Aid for College Students: Undergraduate (B-1957-18), 232 p., \$1*.

Financial Aid for College Students: Graduate (B-1957-17), 151 p., 50¢*.

Guide to the National Defense Education Act of 1958 (OE-10000), 27 p., 1960, 25¢*.

(Continued on page 30)

CREDIT TRAVEL

Paying later adds to cost of trips

(Continued from page 3)

of course, but 14 to 18 percent is about the interest rate paid on time-payment purchases in major department stores, for instance. And as some airline officials pointed out, these credit travel plans are unsecured loans; the lender has nothing to repossess after the traveler comes back from abroad.

Domestic trips, less expensive than overseas tours, also can be financed though most railroads do not have their own time payment plans. If you want to take a bus tour, you can go now and pay later through a plan offered by the bus line or travel agent. If you want to take a rail tour of the Pacific Northwest, your travel agent can set up a time payment plan, if he's a large operator. Only one railroad has its own plan.

A 12-day escorted bus trip from Chicago that includes New York City, Cleveland, Burlington, Vermont, Portland, Maine, Buffalo, Niagara Falls and Detroit, might cost \$167 per person, including hotel rooms (price based on two persons in a room) but not meals.

Financing the trip at 10 percent down leaves a balance of \$150. Here is the time payment picture in such a sample case:

Monthly payments	Amount to be repaid	Interest rate
	(Three months)	
\$52.50	\$157.50	28%
	(12 months)	
\$13.63	\$163.56	16½%
	(18 months)	
\$ 9.46	\$170.28	16½%

A 14-day trip to New York City and Washington, starting and ending in Chicago and including hotels, would cost about \$250 per person. This is not a conducted tour, but the kind that a travel agent can make up for you. It includes bus transportation and rooms in good hotels, but no sightseeing trips, meals, taxis or other extras.

This is based on transportation costs and hotel bills totaling about \$200, and \$50 for other expenses, not including meals. On buses, children 5 to 12 go half-fare, and children under 5 free.

Figuring the tour would cost \$250

per person, with 10 percent paid down, the time payment picture based on a balance of \$225 would look like this:

Monthly payments	Amount to be repaid	Interest rate
	(Three months)	
\$79.17	\$237.51	33%
	(Six months)	
\$40.06	\$240.36	23%
	(12 months)	
\$20.90	\$250.60	21%
	(24 months)	
\$11.31	\$271.44	20%

A Midwest travel agent told the Bridge he offers bus tour credit plans, but does not "push" them. "If people want them, I have them, but I usually tell them they'd do better borrowing from their credit union or from a bank."

He says that most people who take vacation bus tours are people of modest income, who have only two weeks of vacation, and he feels it's especially important to them to save for their trip, or to borrow money where they pay the lowest interest.

One Railroad

Most steamship lines and railroads do not have "pay later" plans. One railroad, the Santa Fe, has had such a plan for about a year. But many large travel bureaus will arrange time payment plans for air, rail, and bus travel. One large Chicago travel bureau handles its time payment plans through Chicago banks, and suggests this plan to customers as being better than the plans offered by airlines, buses or railroads.

The manager of this agency says he believes his bank plan offers his customers lower interest rates, and that the rates include automatic insurance that pays up the loan in case of the traveler's death. Like all agencies, bureaus and carriers contacted, he said the amount of business done on a "pay later" basis is very small in comparison with cash business.

He says the banks prefer these loans to be repaid in one year, though consideration will be given special cases.

If you wanted to take a typical first-class all-expense rail tour of such places as Jasper National park, Lake

Louise, Banff, and Glacier park, the cost of such a trip might be around \$550. If you arranged financing through this travel agency's bank plan, the interest rate would be 14 percent on a six-month basis; 15½ percent on a 12-month basis; and 16 percent on an 18-month payment schedule.

This is based on a total loan cost of \$574.41 for six months; \$601.10 for 12 months; and \$630.37 for 18 months.

Has Own Plan

The Santa Fe railroad started its own plan (handled through a finance company) about a year ago. The company does not reveal the percentage of "go now, pay later" business it has under this new plan, but says it is very small. However, one company official says, "We are happy with it, and we feel it fills a need. More than half the business we have under this plan is business we would not have had otherwise."

The Santa Fe does not sell all-expense tours on its time payment plan. The plan covers rail transportation only, though meals on the train and some sightseeing can be included. Off-train meals, hotels, and other expenses are not included in the plan, and the customer must make his own arrangements for money to cover these costs.

On special order, the railroad will set up travel tours, but these are not all-expense, conducted tours such as are offered by travel companies. Here is a plan that might be set up for a man and wife and two children who want a round trip from Chicago to San Francisco, with several stops along the way.

Best Train

This sample tour takes the family to San Francisco on the El Capitan, the company's top train, and returns on the San Francisco Chief, another good train. It includes trips to Los Angeles and San Diego, and two sightseeing side trips; a one-day, all-expense visit to Grand Canyon and a three-day trip to Yosemite National Park, including two nights' lodging and off-train meals.

This trip costs \$472.19, on a family plan, and includes meals on the train going West on a "dining club" plan that operates on the El Capitan only, but not meals on the return trip. A Santa Fe official says a good portion of the total cost of \$472.19 represents

special features, and should not be confused with simply the rail fare.

The trip will be financed on a monthly payment basis, through a finance company, and a minimum of 10 percent must be paid down. Based on a minimum down payment and a balance of \$425, the payment schedule looks like this:

Monthly payments	(12 Months)	Interest rate
	Balance to be paid	
\$40	\$480	21%
	(18 Months)	
\$27	\$486	16%
	(24 Months)	
\$21	\$504	15%

The travel now, pay later picture seems to be this:

This service is a convenience, and like all conveniences it costs money.

The cost of a good, all-inclusive trip to Europe or some other area of the world is high, or is considered so by most people. This is not to say such a trip is not worth the price; many travelers consider such a trip so rewarding and enriching to them that no other investment has proved so satisfying. But adding credit costs to an already sizeable bill is a major problem for many people.

Most people consider an extended trip on this continent or a trip abroad a major family matter that requires many months, or years, of planning. For this reason, most people save for such trips, and pay for them in cash. Many have saved for trips in their credit unions, so that when the day for boarding the train or plane arrives they not only have cash for their tickets and expenses, but have seen their savings earn dividends. Dividends, a



Santa Fe Photo

Train tours, budgeted by some families, can be educational.

plus factor to be measured against the minus factor of borrowing for travel and paying interest, can make the difference between a bare-bones trip and a well-appointed tour.

Many travel agents feel credit travel rates are too high, and say they advise their customers to borrow instead from banks or credit unions, if they can't use savings. Airline people believe that 16 or 18 percent interest on an unsecured loan, where there is nothing to repossess, is not excessive.

Can you get such a loan easily? Generally speaking, yes. According to travel agents, very few customers are turned down. Most credit travel plans require a signature only, whether they

are handled by a bank or a finance company. "Only in extreme cases," a Chicago agency operator says, "is a co-signer needed."

In the case of bus travel on credit, which is much more popular in metropolitan areas than elsewhere, the ease of getting a loan depends on the customer, a finance company representative says. The applicant fills out a pretty complete application form, and depending on the information presented, he may receive a signature loan or he may be required to provide collateral.

It's easy to travel now and pay later. Whether it's the best way to travel is up to the individual.

SERVICEMEN AND CREDIT

All the services—and credit unions—offer help

(Continued from page 8)

seeks to cultivate an understanding of credit, and a sense of responsibility in handling personal affairs. In the Navy, legal officers are urged to promote thrift and the prudent management of personal financial matters. Among the points that are emphasized:

- **Thrift** is not only a virtue, but a necessity of today's living.
- **Be wary** of high pressure sales-

men. Think carefully and seek advice before signing an agreement or contract. Never sign a blank contract and always multiply the number of payments by the amount to determine the total payments. Note particularly the penalty clause.

The Army sums it up in a "solvency code" which is currently getting intensive promotion through all the facilities available to its personnel officers.

- **Curb** impulse buying.

- **Shop around** for the best buy before making a purchase.

- **Read** and understand installment contracts before signing.

- **Keep** a financial cushion to take care of emergencies.

- **Remember**, you can jump into debt, but you have to crawl out.

The Marine Corps provides its people with an "average budget" for each pay grade. Marines are urged to match their own expenditures against the budget in such categories as food, housing, furniture, transportation, insurance, laundry and dry cleaning, entertainment, clothing and education.

In a tersely written pamphlet, "It's Your Money", Marines are told sound

money management is really as easy as a.b.c. In part, it says:

A—Plan your spending:

"Don't be a soft touch for a smooth salesman who uses the emotional approach. Example: 'You owe it to your kiddies to buy this set of encyclopedias (only \$400).' By the time your kiddies are old enough to use them, the books will be outdated and worthless—and you will probably be in a much better position to afford the set they need then rather than now.

"Don't let a slick salesman stampede you into signing immediately to take advantage of a 'hot deal'. If the deal will spoil by morning, there's something rotten somewhere and he's trying to get you hooked before you find out what it is.

"Don't fall for the old sales gag about the other buyer who is going to snap this bargain up. If Salesman Sam really has a customer that eager, he wouldn't be trying so hard to sell you.

"Don't spend more than a week's pay in cash or sign up for any credit purchase without thinking it over for 24 hours. You'd be surprised how much less attractive the deal looks to you next morning. The man with the baby furniture will still sell it to you tomorrow if the deal is sound.

"Don't buy anything you really don't need—no matter how cheap it is. Unless you have a rich father who is supporting you, you aren't going to be able to afford much more than essential items of living. Example: one Marine shunned a good \$30 rebuilt sweeper to buy a \$260 super duper model. When they came around to find why he couldn't make his payments they found he didn't own a rug."

B—Sign your name with care:

"Don't sign a contract you haven't read completely and carefully.

"Don't sign anything you don't understand.

"Don't sign a contract which seems different from what the salesman told you.

"Don't let a smooth salesman switch contracts on you so you read one and sign another.

"Don't sign for anything until you are sure you really want and need it. Most families can do all their laundry for several years for what a washing machine will cost—and they are hard

to move when you are transferred."

C—Manage your credit wisely:

"Remember credit costs money. Renting credit is like renting a house or car—you have to pay to use it.

"Be sure to find out how much more an item bought on credit will cost you.

"Compare costs. Pose as a cash customer and get a cash price first.

"Analyze the deal before you sign.

"Don't buy anything just because you get it on credit. Remember you pay the full price in the end, plus the cost of credit.

"Don't count on your wife's salary in any long range credit plan (over 6 months). Marine wives—like civilian wives—may become pregnant. Then their earnings are cut off, but the payments continue.

"Don't buy on credit from door-to-door salesmen. Know you are dealing with reputable businessmen, who have an established place of business.

Can't Always Return

"Don't expect to erase your debts by returning the merchandise. In most cases you have signed two contracts—one for the purchase of the goods and one for the loan. The dealer should stand back of the goods he sells, but if he doesn't you still have to pay the loan in full."

When a serviceman is already in difficulty from too much debt, the legal assistance officer offers remedial services. He won't help the serviceman escape his rightful obligations, but he will frequently remind creditors that they will accomplish more if they give the man a chance to work his way out of trouble.

The legal officer guides the serviceman in his negotiations with creditors, but he stops short of serving as his attorney. The legal officer will go over the contracts to be sure that the serviceman is actually obligated for the sums the creditors claim. He'll even draft letters for the serviceman, to go out under the debtor's signature. If the issue goes to court, the legal officer steps aside, and the serviceman must retain his own lawyer.

Legal officers have little patience with servicemen who evade honest debts, or with creditors who are unreasonable in their demands. "If a creditor is too persistent in pressing the commanding officer for help, it can be self-defeating," one experi-

enced legal officer observed. "The delinquent serviceman may be punished, and reduced in grade. That means there is even less money which will be available to pay the creditor."

Some legal officers undoubtedly harbor a feeling that creditors are not always properly discreet in extending credit to servicemen anyway. "Businessmen who are selling to servicemen should not rely on the Armed Forces to insure the risk for them," this same officer said. "The individual serviceman's credit should be carefully checked. If businessmen will make fewer injudicious loans, they will have less to write off."

Sometimes an incipient lawsuit over a disputed debt can be resolved through the intervention of the legal assistance officer. In one case, an Army sergeant stopped payment on a car. After it was repossessed, the dealer dunned him for a deficiency liability. The sergeant reported he stopped payments because the car was not satisfactory.

The legal assistance officer found that the laws of that particular state specified the dealer was foreclosed from claiming the default deficiency. A letter was drafted restating the reasons for the soldier's refusal to pay. No further difficulty was encountered.

Legal assistance officers are not entirely unarmed in dealing with creditors of doubtful repute. Where the file shows that an individual business has been merciless in exploiting servicemen, the legal assistance office will consult the local Better Business Bureau or Bar Association. A particular establishment can even be placed off limits.

Community Effort

In Long Beach, California, a community-wide program was developed to eliminate marginal credit practices, such as bait advertising, misrepresentation, granting credit without investigation, and writing direct to Naval authorities without first bringing the matter to the delinquent serviceman's attention. Under this arrangement, representatives of military services and business groups drafted a code of business ethics which was immediately signed by 30 percent of the area merchants.

When the legal assistance officer finds himself confronted with a serviceman who is already in trouble, his chief job is to get the man straightened out in such a way as to restore

his good standing. To this end, the Army is advising its unit commanders: When an individual with a definite problem is identified, the commander or legal assistance officer may help by:

- Assisting the serviceman and his wife to set up a balance sheet showing income and obligations in a graphic manner.

- Seeking ways to reduce fixed obligations. Possibilities: turn back boats, motors, TVs, etc., if the creditor will accept them; reduce costs by having a soldier living off the post sign up for a fuel equalizer plan so that he may pay his fuel bill over a period of 12 months instead of during the winter months alone; selling the second car; or, if eligible, moving the family into in-post housing to reduce costs.

- Suggesting that the soldier secure loans from his or his wife's family, loans on his life insurance, loans from banks where his credit is established, or from credit unions, but never from a "loan shark," because of the very high interest rates and dangerous default provisions in most small loan agreements.

- Suggesting that the soldier contact all his creditors telling them of his situation and asking if they will accept reduced payments until paid in full, but avoid using the services of "debt lumpers" because of the high fees charged.

A recent article by a legal assistance officer stationed at Fort Lewis, Washington, regretted that many servicemen who find they have overextended their credit resort to borrowing from small loan companies.

"This in turn results in their paying a high rate of interest with tough penalties for late payments and usually placing themselves in greater jeopardy than before," the article said.

"In other cases servicemen might resort to seeking assistance from the so-called debt lumping companies which arrange for the receipt of an allotment from the serviceman through his bank every month and in turn pay the creditor so much a month until his obligation has been satisfied." Here again, the article declared, "the soldier will probably find himself paying a deposit as well as a high

rate of interest and his career still in jeopardy."

Personal bankruptcy is always a possible solution in these situations. But the Army is as firmly against personal bankruptcy as it is against mistreatment of its own people by creditors. Innocent creditors suffer along with the less deserving ones. The serviceman's personal reputation is permanently damaged, and he is branded as one who lacks the ability to handle his own affairs.

"In extreme cases," the Army advises its unit commanders, "advise the soldier and his wife to avoid filing volunteer bankruptcy."

The Army has had considerable experience with Chapter XIII, the federal wage earner's plan, and its legal assistance officers are generally pleased with the results. In its literature to unit commanders, the Army says Chapter XIII has the following advantages:

- Reduces costs to individuals. Typical costs under wage earner plan are reported as \$30 for the filing fee and an average of \$150 for attorney's fees, for a total of \$180. In regular

bankruptcy, the Army says, the filing fee is \$50, while attorney fees average \$250, for a total of \$300. Additionally, say the Army, successful completion of a wage earner's plan may save assets that would otherwise be sacrificed in bankruptcy.

- Places the soldier under federal court supervision and protection without the stigma of bankruptcy.

- Stops the flow of complaint letters by creditors to the commanding officer, whereas under bankruptcy the letters continue to come because of the loss of money to local creditors.

- Restores the soldier's credit rating at the end of the plan.

If a credit union can provide help, this is one of the preferred methods of helping a serviceman work out orderly liquidation of over-extended credit. Lt. Col. Carl E. Winkler, chief, legal assistance division, officer of the Judge Advocate General of the Army, reports that in his experience credit unions have been particularly pleasant to deal with because they ordinarily do not take advantage of harsh forfeitures.

AUTO INSURANCE

Texas League reports on its own company

(Continued from page 15)

credit unions. Their ultimate success will depend on the thoroughness with which they grasp the credit union spirit and the effectiveness with which they can relate the insurance needs of credit union members to their responsibilities as insurance company employees.

Types of Coverage

Members Mutual provides all lines of automobile coverage for private passenger cars. Also fire insurance for dwellings, household goods, credit union buildings, home owner package policies, and coverage for boats and motors.

The company writes all of its policies directly without the help of agents. It obtains its business through direct mail, telephone and personal contact. Four service centers in Amarillo, Dallas-Fort Worth, Houston and San Antonio function as important links between the company and its

policyowners. To facilitate communications with its service centers, Members Mutual maintains teletype contact between its Dallas and Houston offices (250 miles), and a direct telephone line from Fort Worth to the home office in Dallas (35 miles).

"These service centers are staffed with credit union people whom we taught the elements of insurance," says Boyd Browning, assistant managing director of Members Mutual. "We employ only experienced credit union workers because we are deeply conscious of the fact that our insurance company is operated by and for credit union members."

To encourage greater use of its services, Members Mutual accepts collect long distance calls from individual members and treasurers of League affiliated credit unions. Comments a staff member: "Credit union members are reluctant to incur the cost of long distance calls even if these calls do not mean a personal expense to them. That's why many of them hesitate to

take advantage of our offer to telephone us long distance at any time. We are now able to overcome this reluctance by establishing local offices wherever possible. As soon as our experience proves these service centers economically feasible, we are planning to extend them to other areas of our state."

Operating Policies

Here are four operating policies in which Members Mutual takes particular pride:

- Non-cancellation of member coverage for physical damage as long as the original loan has not been paid off.
- Guaranteed renewal in the event of error or oversight by the carrier.
- Automatic forwarding of contract copy to the credit union and naming it as loss payee in the policy—unless otherwise instructed in the application for coverage.
- Granting 30-day-extension of contract at the credit union's request if a member cannot be located prior to the expiration of his coverage.

These policies are directly related to the reasons for organizing Texas' casualty company. During pre-Members Mutual days, many of the state's credit unions were suffering losses because they had failed to renew existing policies when the coverage had expired. The new company set the policy that no coverage would expire because a credit union had not been reminded of a renewal date. Comments assistant manager Browning: "This means important additional protection to credit unions. It almost completely eliminates losses due to lack of coverage. And it facilitates the credit union's insurance follow-up work because we also notify the member of all coverage renewal dates."

Sales

Members Mutual views each sale as a service to the credit union member. That's why it refers to its sales offices as "service centers". The company's four service centers are established on the basis of maximum service and convenience to the member-policyowners.

Claims

Members Mutual locates its claims representatives in the areas of the state where the claim volume is heaviest. At present, the insurance company has claims adjusters stationed in



The files at Members Mutual's home office are specially color coded to avoid error. A misplaced file would immediately call attention to itself.

Dallas-Fort Worth, Houston and El Paso. "We prefer to use our own claims adjusters wherever possible," says Boyd Browning. "And we are going to send more specialists into the field as we continue to grow. Our theory about claim adjustments is quite simple. We believe that the claims of credit union people should be handled by experienced credit unionists wherever possible."

Policyowners who are dissatisfied with Members Mutual claim settlements may appeal their claims to a claims arbitration committee of the Texas Credit Union League. This committee is appointed annually by the president of the Texas Credit Union

League. It consists of three credit unionists who have no official ties with Members Mutual. Decisions and recommendations of this committee are binding upon Members Mutual.

Comments a Members Mutual official: "Through our claims arbitration committee we strengthen the ties between our insurance company, our League and our member-policyowners. Every policyowner has the right to appeal to this committee. And if he still feels dissatisfied after this impartial committee has reviewed his claim, he retains the right to seek adjudication through the courts under the terms of the policy contract."

Information Panel

To advise credit unions and members concerning their individual insurance needs and responsibilities, Members Mutual has created an insurance information panel. This panel consists of Members Mutual department heads. It participates at chapter meetings on invitation.

Some ten of these panel meetings take place throughout the year. But the best attended session is usually at the Texas Credit Union League's annual convention. During last year's League convention, more than two hundred delegates and guests participated in the company's insurance information panel.

(Continued on next page)

REPRINTS of recent Bridge articles are available in two forms: low-cost Xerox reproduction and offset printing. Prices per Xerox reprint are: 100 (minimum), 20c; 250, 15c; 500, 10c; 1000, 7c; 2500 and more, 5c. The per copy cost for offset reprints is: 500 (minimum), 20c; 1000, 15c; 2000, 10c; 3000, 8c; 5000 and more, 5c. Postage is additional. Delivery time is two weeks for Xerox, one month for offset. Write to *The Credit Union Bridge*, P.O. Box 431, Madison 1, Wisconsin.

Departments

All Members Mutual department heads participate in weekly staff conferences with the managing director and assistant managing director. The purpose of these meetings is to improve communications, discuss common problems, exchange field experiences and develop new ideas.

The company has seven departments. They are: membership services (sales), underwriting, claims, accounting, data processing, internal audits and investments, and research. Here are the functions of four of these departments:

- **Underwriting.** This department is responsible for selecting risks; rating, issuing and servicing all policies; and maintaining a master policy file for each member.

- **Accounting.** The responsibilities of the accounting department include the collection of premiums, custody and disbursement of all funds, maintenance of accounting books and records in accordance with state insurance laws and regulations, and preparation of the annual operating budget.

- **Claims.** The claims department investigates and processes the settlement or disposition of all claims filed with the company. It is responsible for maintaining adequate reserves for all claims until settled. Its objective is to give prompt service to minimize the policyowner's inconvenience.

- **Data processing.** Members Mutual operates its own data processing center with IBM machines. With the aid of this equipment, the department prepares monthly operating reports, policy renewal certificates and premium billing. Also analyses of overall departmental earnings, income and expense; as well as the Texas League's credit union statistics (on a cost basis).

Employee Benefits

Members Mutual has a staff of 52. In addition, the League and the insurance company share twelve joint employees.

Employees of the insurance company and the League work under the same personnel policies. They also receive the same benefits: sick leave, vacation, group life insurance, Blue Cross and Blue Shield, and CUNA Retirement Savings Fund. Premium

costs for the medical and hospital expense plans are shared jointly by employer and employee. For group life insurance coverage above \$1,000, the employee contributes 35¢ per month for each \$1,000.

Publicity Program

Members Mutual uses the services of the public relations director of the Texas Credit Union League on a reimbursement basis.

These are the company's principal publicity media: (1) the Texas League's monthly "Bulletin," sent to the directors and committeemen of all Texas credit unions; (2) a bi-weekly newsletter published jointly by the League and Members Mutual for the presidents and treasurers of all Texas credit unions; and (3) the quarterly "Mem-Mu Messenger" which goes to all policyowners.

Other miscellaneous advertising items include literature racks. These are made available free of charge to credit unions upon request.

Problems

Like most organizations, Members Mutual has several problems. None of them is critical. But each requires careful thought and planning by the company's board and management. These are the company's current problems:

- Making the company's facilities and services more conveniently accessible to individual members and smaller credit unions. The four service centers opened last year are a step in this direction.

- Helping credit unions to meet their responsibilities in having adequate coverage for cars which they finance.

- Servicing a larger percentage of the state's credit union members. At present, Members Mutual's 28,000 policyowners represent only about 4 percent of Texas' 690,000 credit union members.

- Operating in neighboring states. The company is now licensed to do business in Texas, New Mexico, Oklahoma and Arkansas. "But," says managing director Barry, "as long as we can improve our services in our own League area, we are not going to give serious thought to a major expansion program outside of our state."

- Improving the company's claims

service. At present Members Mutual uses outside claims agents in those areas where it has no claims personnel of its own. "We are able to maintain a much more effective and satisfactory relationship with policyowners in areas where we have our own claims personnel," reports Boyd Browning. "Our claims people are credit union minded and know the problems of credit union members. But some of the outside adjusters, whom we have to use from time to time, are not as considerate as our policyowners would like them to be. This creates a problem which we hope to overcome by replacing outside adjusters with our own personnel wherever possible."

Office Building

From its beginning, Members Mutual has followed the policy of paying its own way for all of its operations. It is in no way subsidized by the Texas League.

Members Mutual's home office at 4533 Ross Avenue in Dallas is housed in an attractive modern building owned jointly by the Texas Credit Union League and Members Mutual Insurance Company. The first floor (12,350 square feet) of this two-story building was constructed in 1956. The second floor, with some 14,480 square feet, was added three years later. Adjacent to the building is a parking area which accommodates approximately 100 cars.

The building has a total floor space of 26,830 square feet, is fully air conditioned and has up-to-date fluorescent lighting.

Total cost of the building and land was \$474,000. This amount is paid off by the two organizations through an annual rental charge of \$3.08 per square foot.

"We find it economical, efficient and convenient to have the home offices of the League and Members Mutual located in the same building," says Carl Blomquist, manager of joint services for the two organizations. "Thanks to the foresight of our joint boards, we have ample space for growth in our building. Without inconveniencing ourselves, we could increase the number of employees by at least two-thirds. And we have also planned for expansion beyond that point by purchasing a piece of property of some 29,120 square feet adjacent to our building."

PLAN CAREFULLY

before you
take that long trip



There's a lot more to preparing for an auto trip than just marking a road map. It calls for careful planning if you want everything to work out.

Here are some of the most important things to consider:



Make sure that your car is in good shape. Take it in for a check-up, and ask the mechanic to pay special attention to lights, brakes—anything that contributes to safety. Test the jack and tire-changing equipment, too.



Be sure to stop milk delivery, and make arrangements for handling newspapers and mail. A bulging mailbox is an invitation to burglars.



Take along some flares or a flashing red light, car fuses, a flashlight, fresh batteries, and a spare bulb. Add a first aid kit and manual, too.



Most experienced travelers like to start out early in the morning and stop soon enough in the afternoon to find good accommodations. Phoning ahead for motel or hotel reservations may save you extra driving.



Be sure to have tire pressures, oil and water levels checked at regular intervals.



Drive carefully. Summer weather means more cars on the road. Do you have these important insurance coverages?

Property damage (up to \$10,000)

Bodily injury (at least \$25,000-\$50,000)

Collision (\$100 deductible)

Comprehensive

Medical payments (don't overlook this valuable protection)

Uninsured motorists

Labor and towing



Make your credit union a part of your vacation plans, whether it's a loan for equipment or the entire trip—or merely helpful advice on how to get the most for your money.

CUNA Auto Insurance Program

UNDERWRITTEN BY EMPLOYERS MUTUALS OF WAUSAU



BUILDING IS BOOSTER

It's this credit union's
best publicity

(Continued from page 6)
board member. "And if the officers of an organization forget to call us for these napkins, they will probably get a reminder from the restaurant at which they reserve space for their meeting."

Some twenty groups take advantage

of this service each year. Total napkin purchase and imprint cost per year is approximately \$65 (1c per napkin).

Night lighting. Six 250 watt flood lamps illuminate Pana's building at night. Only one other building in the town is similarly lighted. This dis-

play of civic pride nets Pana many compliments.

Newspaper advertisements. On alternating Mondays, Pana inserts a two-column advertisement in the local newspaper. The cost of these six-inch ads is \$20 per month. The group uses a series of ad mats which is furnished by the chapter.

In addition to these periodic insertions, Pana also places full-page or half-page ads whenever it wishes to announce a special event or accomplishment. Cost for full-page ads is \$96; the charge for half-page insertions is \$68.

Churches. Pana has furnished cardboard fans for all local churches. Each fan bears the credit union's name. Total expense for 1,500 fans was \$101.

High schools. Each high school student in the community receives an imprinted plastic ruler (12 inches) from Pana Community Credit Union. Cost for 1,000 rulers is \$123.60.

Building tours. Pana invites school children and scouting groups to come to the credit union for a tour of the building. When the youngsters arrive, treasurer Schnute tells them about the background and purpose of the credit union, shows them all office equipment and demonstrates the use of each piece of machinery. "The children just love it," comments credit committee chairman Justin Tappero. "They follow the demonstration with enthusiasm. And they get a good concept of the credit union idea."

Speeches. Treasurer Schnute makes talks to home economics classes and other youth groups on invitation. This method of member education is unusually successful, chairman Tappero reports. "Many of the youngsters have joined because their interest was aroused during class talks or office demonstrations. Others already are members because their parents established share accounts for them. But these youngsters, too, benefit greatly from our lectures and demonstrations because through these talks they learn to think of the credit union as a thrift institution of their own."

Here is what some of Pana's members say about their credit union:

• **Banker Harry A. Rich** believes that the town's credit unions and banks complement each other. He says: "Pana Community Credit Union is an important asset of our town. I personally am a member of the credit
(Continued on page 30)

IS YOUR BOARD DOING ALL IT CAN TO SAFEGUARD MEMBERS' FUNDS?



THE SUPERVISION OF COLLECTORS is one of the major responsibilities of the officers and members of your board. To assure the safekeeping of the members' savings, the board members must:

- Exercise sound judgment in selecting individuals to act as collectors.
- Install and maintain the controls necessary to such a system, such as pre-numbered receipts in duplicate or triplicate.
- Provide collectors with adequate facilities such as wallets, strong-boxes, etc.
- Impress upon the collectors their own responsibilities.
- Review and evaluate periodically the operations of the collectors.
- Provide protection for the collectors when they are transporting large sums of money.

Your credit union can secure bond coverage with a maximum limit equal to the total assets of the credit union, not in excess of \$1,000,000 (or \$2,000,000 optional bond coverage if total assets are \$1,000,001 or more). Compare this with your present bonding protection, and request complete details now.

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ISSUED AND
UNDERWRITTEN BY



CUNA Insurance Services

BONDING

MADISON, WISCONSIN • HAMILTON, ONTARIO

Burroughs equipment does everything for the Wabash Credit Union

The scene: Wabash Credit Union, Decatur, Illinois—with 11,400



(left to right) Treasurer E. F. Arnold, Assistant Treasurer John P. Schiminski

The jobs: all accounting functions, from share and loan posting to check writing and record keeping. The equipment: two

F 4232 Electronic Accounting Machines with Automatic Reader, one F 1507 Alphanumeric Accounting Machine, one Micro-Twin Recorder-Reader and 15 adding machines—all Burroughs products. The results, in the words of Treasurer E. F. Arnold: "We've selected and used Burroughs equipment since 1927. And each subsequent addition has supported our original contention, kept us operating at peak efficiency throughout the years. Now for example, the F 4232's and their many electronic features have automated share and loan posting, dividend posting and general accounting. Similarly, the F 1507 is a decided asset for descriptive accounting jobs."

Join the many successful credit unions helped to new accounting efficiency by Burroughs Corporation. Whatever your problem we offer the experience and capabilities in systems analysis to solve it. And we have the equipment, from adding machines to electronic computer systems, to make the solution work. Call our nearby branch now. Or write Burroughs Corporation, Detroit 32, Michigan.



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Burroughs Corporation

"NEW DIMENSIONS / in electronics and data processing systems"

BOOSTER

(Continued from page 28)

union. So are most of the employees in our bank. We consider our credit union a safe and convenient place to save and to obtain personal loans at low interest rates.

"As a banker I appreciate the business which the credit union brings to us—both through daily checking account activity and bank loans of substantial amounts.

"As a citizen of this community I am deeply impressed by the remarkable assistance which Pana Community Credit Union has given to many of our fellow residents who, through no fault of their own, have fallen into adverse circumstances. By assisting those in our community who cannot obtain financial help elsewhere, our credit union is making an invaluable contribution to the economic welfare of our town."

• **Barber** Alex Rochkes: "Our credit union is giving an essential service to our community. I come into contact with many of our members in my barbering work. And I hear numerous comments from members while I cut their hair. Their comments may use different words. But they say just one thing: 'Thank God for having a credit union.' They all agree that there is no better or easier way to learn how to save than to join the credit union. If it were not for our credit union, our community would lose thousands of dollars each year to loan sharks. Now these funds are channeled to productive purposes through our own member organization."

• **City clerk** Charles L. Joley: "I think it's a mighty fine thing to have the credit union. I have been a member for nearly nineteen years. During this time I have both saved and borrowed. There are some people in Pana who could not get a loan without our credit union. In my estimate, our credit union is one of the best examples of neighbor helping neighbor without charity, but in the spirit of true brotherly love."

• **Florist** Ren Alde: "I think it is wise to invest in many local financial endeavors. The Pana Community Credit Union has had a very fine record. Much of our faith in our credit union is based on the people who serve as its directors. The insurance also contributes in making the credit union an attractive investment opportunity."

I have never had occasion or need to borrow money. But I am sure if I had a need, our Community Credit Union would be the first place to which I would turn. After all, I am a member and I believe that you should use your own facilities before turning elsewhere."

• **Gas station proprietor** Chester L. Morton: "Our credit union means a lot to our community. It has taught many of us how to save money. And it has helped a lot of people to pay their bills and to plan their spending. I also believe that by having a community credit union, we have helped people to learn to work together financially. Our building gives evidence to the community's understanding of the importance of having low-cost credit available to all.

"Small businessmen in our community are benefiting greatly from our credit union. Formerly loans were unavailable to many of them. But today our small businesses are

stabilized because they can borrow at low-cost rates. Small businessmen are further aided because they know that their customers can get financial help. Thus the community services of the credit union are snowballing throughout the economy of our town."

• **Plant manager** Robert Quackenbush: "The credit union is a great asset to our community. The loan companies are charging excessive rates. And it is only through our local credit unions that our employees are able to get reasonable credit.

• **Shoe repairman** Leonard Huttes: "Our credit union means a lot to Pana. It is one of the best things that has ever happened to this town. It has helped many of our townsmen. I save regularly at our credit union each week. So do my children and grandchildren. We all belong. We see in the credit union a wonderful opportunity through which people of little means can help themselves and their fellowmen."

USEFUL PUBLICATIONS

(Continued from page 20)

The National Defense Student Loan Program (OE-55001A), 38 p., 1960, free, Office of Education, U.S. Department of Health, Education and Welfare, Washington 25, D.C.

Farm Loans

Insured Farm Loans (PA-254), 8 p., free, Office of Information, U.S. Department of Agriculture, Washington 25, D.C.

Thumbnail Sketch of the Farmers Home Administration (PA-255), 4 p., 1961, free, U.S. Department of Agriculture, Farmers Home Administration, Washington 25, D.C.

Federal Reserve Board Publications available from Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington 25, D.C.

Business Indexes (G.12.3), monthly, free.

Consumer Credit (G.19), monthly, free.

Consumer Credit at Consumer Finance Companies (G.22), monthly, free.

Consumer Instalment Credit at

**All are inexpensive;
some are free**

Commercial Banks (G.18), monthly, free.

Consumer Loans Made Under Effective State Small Loan Laws (G.21), monthly, free.

Department Store Credit (G.17), monthly, free.

Federal Reserve Bulletin, monthly, 1-yr. subscription \$6.

National Summary of Business Conditions (G.12.2), monthly, free.

The Federal Reserve System, 238 p., 1961, free.

U.S. Government Security Yields and Prices (G.14), monthly, free.

Federal Reserve District Bank Publications

Monthly Review, monthly, free, Federal Reserve Bank of Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, St. Louis, San Francisco. *Readings on Money*, 58 p., 1957, free, Federal Reserve Bank of Richmond, Richmond 13, Va.

Films

Film Strips of the U.S. Department of Agriculture (AH-87), 30 p., 1959, 20¢.

Motion Pictures of the U.S. Depart-

ment of Agriculture (AH-14), 58 p., 1960, 25¢*.

Catalog of Pan American Union Publications, 32 p., 1961, free, Sales and Promotion Division, Pan American Union, Washington 6, D.C.

Pan American Union Catalog of Slides and Film Strips, 16 p., 1960, free, Division of Visual Arts, Pan American Union, Washington 6, D.C.

First Aid

First Aid Textbook, 241 p., 75¢, Red Cross Chapter or The American National Red Cross, Washington 6, D.C.

Forgeries

Know Your Money, 32 p., 1960, 20¢*.

Government Periodicals Agriculture

Agricultural Research, monthly, 1-yr. subscription \$1*.

Business

Survey of Current Business, monthly, 1-yr. subscription \$4*.

Labor

Monthly Labor Review, monthly, 1-yr. subscription \$6.25*.

Publications of the Bureau of Labor Statistics, monthly, free, Bureau of Labor Statistics, U.S. Department of Labor, Washington 25, D.C.

National Economy

Economic Indicators, monthly, 1-yr. subscription \$2*.

Occupations

Occupational Outlook Quarterly, quarterly, 1-yr. subscription \$1*.

Social Security

Social Security Rulings on Old Age, Survivors, and Disability Insurance, quarterly, 1-yr. subscription \$1*.

State Publications

Monthly Checklist of State Publications, monthly, 1-yr. subscription \$2*.

Taxes

Internal Revenue Bulletin, weekly, 1-yr. subscription \$6*.

(Continued on next page)

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**NEW! A colorful,
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Housing Construction

Wood-Frame House Construction (AH-73), 235 p., 1960, 65¢*.

Federal Housing Administration

This is the FHA (FHA-2650), 28 p., 1960, 15¢*.

FHA Facts for Home Buyers, 4 p., 1961, free, Office of Public Information, Federal Housing Administration, Washington 25, D.C.

Your Home-Buying Ability (FHA-428), 4 p., 1959, 10¢*.

How FHA Helps Improve Home-Building Techniques (FHA-191), 12 p., 1958, 10¢*.

FHA Home Owner's Guide (FHA-100), 18 p., 1961, 15¢*.

Settlement of Claims Under Title I of National Housing Act (FHA-33), 16 p., 1958, free, Office of Public Information, Federal Housing Administration, Washington 25, D.C.

Insurance

Amortization and Mortgage Insurance Premium Tables (FHA-2042B), 37 p., 1959, 25¢*.

Digest of Insurable Loans (FHA-2527), 16 p., 1960, 10¢*.

FHA Appraised Values and Maximum Mortgage Amounts for 1 and 2 Family Residences (FHA-426), 7 p., 1961, free, Federal Housing Administration, Division of Research and Statistics, Washington 25, D.C.

Publication Lists

List of Government Publications for Homeowners and Builders, 2 p., 1961**.

Publications of the Federal Housing Administration, 2 p., 1960, free, Office of Public Information, Federal Housing Administration, Washington 25, D.C.

Publications of the Housing and Home Finance Agency, 10 p., 1960, free, Housing and Home Finance Agency, 1626 K St., N.W., Washington 25, D.C.

Repairs

Making Cellars Dry (F-1572), 28 p., 1958, 15¢*.

Remodel, Repair, Repay With FHA (FHA-38), 13 p. 1960, 10¢*.

Lists of Government Publications

Monthly Catalog of U.S. Government Publications, monthly, 1-yr. subscription \$3*.

Selected U.S. Government Publications, biweekly**.

List of Available Publication of the U.S. Department of Agriculture (L-11), 35¢*.

Census (PL-70)**.

Children's Bureau (PL-71)**.

Commerce (PL-62)**.

Diseases (PL-51A)**.

Education (PL-31)**.

Finance (PL-28)**.

Government Periodicals and Subscription Services (PL-36)**.

Health and Hygiene (PL-51)**.

Homes (PL-72)**.

Industrial Workers (PL-78)**.

Labor (PL-33)**.

Laws, Rules and Regulations (PL-10)**.

National Parks, Historic Sites, National Monuments (PL-35)**.

Occupations (PL-33A)**.

Tariff and Taxation (PL-37)**.

Transportation, Highways and Roads (PL-25)**.

Making Vacation Plans, 2 p.**.

COMING EVENTS

August 13-25—**Fourth District School for CU Personnel**, University of Southern California, Los Angeles.

August 16-29—**CUNA School**, University of Wisconsin, Madison.

September 7-9—**Florida Credit Union League** annual meeting, Deauville Hotel, Miami Beach.

September 15-16—**Wisconsin Credit Union League** annual meeting, Schroeder Hotel, Milwaukee.

September 28-30—**Indiana Credit Union League** annual meeting, Sheraton Hotel, French Lick.

October 1-3—**New South Wales Credit Union League** annual meeting, Sydney.

October 19—**Fiji Credit Union League** annual meeting, Yavulo, Sigatoka.

October 20-21—**Kentucky Credit Union League** annual meeting, Kentucky Hotel, Louisville.

November 3-5—**California Credit Union League** annual meeting, Biltmore Hotel, Los Angeles.

November 16-19—**Missouri Credit Union League** annual meeting Sheraton-Jefferson Hotel, Saint Louis.

CLASSIFIED

POSTING MACHINES for sale. Two National Cash Register Class 31 credit union posting machines, purchased in June, 1965, at a cost of \$6,460 each. Available for sale Sept. 1, 1961, at less than half the above price. Excellent condition. Write John M. Jerbie, treasurer, D.P. & L. Employees Federal Credit Union, 25 N. Main St., Dayton, O.

The Credit Union Bridge

2 easy ways to keep in touch with your members

every month give them UMBRELLA

Umbrella is the ideal credit union publication—an 8½ x 11" sheet printed in two colors on one side and left blank on the other. On the printed side there's an attractive banner and easy-to-read, informative credit union copy. On the blank page, print your own special letter or notice, your own newsletter—or simply use Umbrella as an insert in the publication you already have.

Umbrella is available by subscription or on a month-to-month order basis. (10% discount if same quantity is purchased by subscription for 12 successive months.)

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Prices published are applicable to affiliated credit unions only.

Order the items you need from your League Supply department. If your League has no supply department, mail your order to:



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Box 800, Hamilton, Ontario





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How the unique advantages
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**3 To provide the children
with a college education.**

By figuring in advance what it will cost to give their children a college education, parents can make sure—through their life insurance—that college expenses can be met.

4 To accept new opportunity when it comes.

The risks of a new business or job opportunity can be assumed more readily when the family is protected by life insurance. And with life insurance, husband and wife know in advance exactly how much money will be available for an emergency at any given time.

5 To make a plan for a worry-free retirement.

A husband and wife can get more pleasure from their later years when they plan their life insurance to provide a steady income which will last for both their lifetimes.

* * *

The wise family head carefully estimates his family's future needs, then plans his life insurance accordingly. Since family circumstances often change, many couples review their programs with their life insurance agent each year. In this way, they get the most from the unique advantages of their life insurance.

Institute of Life Insurance

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